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World Pre-eminence in Exports

In 1912, "for the first time, the United States has passed us in the figures of her domestic exports, 492,000,000 pounds sterling against Great Britain's 487,000,000 pounds sterling."

The above is from the presidential address of Sir Algernon F. Firth, Bart., before the last annual meeting of the Association of Chambers of Commerce of the United Kingdom.

The leading competitors of the United States in the export field are, in the order named, the United Kingdom, the German Empire, France, and the Netherlands. The United States has therefore now attained world pre-eminence in the export field.

This does not justify loud boasting; for the scientific utilization and effective distribution of our resources, raw and manufactured, are of very recent growth.

The demands of the consuming world for our products rather than our own skill in marketing

has brought us to leadership; for of our manufactures in 1910, which reached in value the enormous total of \$20,672,052.000, we exported five per cent and no more.

The United States is only on the threshold of unconquered fields. All those who in any organized ways are occupied in building for greater national efficiency and international importance may take courage from what has already been attained.

However, we must recognize that world competition is one in which preparedness wins and vain reliance on national greatness loses. Therefore the pre-eminence gained carries with it an insistent demand for education more vocational, for language training more varied, and for knowledge more international.

Then the totals of our future commerce will dwarf the present.

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Editor

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AT the last annual meeting of the Southern Commercial Secretaries' Association, held in Charleston, the following was the first of all the resolutions adopted.

1. We reiterate our belief that, since a comparatively small percentage of the inhabitants of the average American city assist in financing commercial organizations, we favor a uniform State law permitting cities or communities to levy a tax, the return from which shall be paid into the treasury of commercial organizations, to be expended by them for the benefit of such city or community.

Secretaries of organizations in all parts of the United States are invited to comment on this resolution, either for or against, in order that THE NATION'S BUSINESS may get and give out something approaching a national opinion on the subject.

EVERY man, woman, partnership, corporation or other business combination with an income of \$3,000 or over should carefully consider the broad details of the Income Tax Section of the Tariff Bill now under consideration by Congress. A summary including the changes made by the Senate Democratic Caucus will be found on pages 12 and 13 of this issue. It will be seen that the proposed Income Tax reaches upward to the highest and downward to moderate incomes, with complications of exemptions, of a sliding scale, of collection at the source, and of collection both in the United States from foreigners and abroad from citizens of the United States. The delays of interpretation by the courts seem inevitable if the Income Tax Section goes through in its present involved form.

Closest scrutiny is generally recommended to the end that Congress may be aided towards simplification and thus carry out with as little friction as possible the vote of the legislatures of the country favoring an Income Tax feature in raising needed revenues for the National Government.

ALL are affected by the currency and banking system of the country. When it breaks down all suffer. When it meets national needs and is prepared to survive national strain all benefit. Therefore the Owen-Glass Federal Reserve plan is carefully elaborated in the following pages. First it is shown by diagram that the present partially independent system of national bank organization will be superseded by a form of public control extending to the directorates of all Federal Reserve Banks. Second, the powers of the Federal Reserve Board are quoted in full from the Bill, in order to furnish a clear idea of how extensive must be its influence. Third, the powers of the Federal Reserve Agent, a new creature of legislation, are shown by grouping those features of the Bill which refer to his duties and a definition of his influence. Then follows an abstract of the Bill. Finally, the report of the Currency and Banking Committee of the Chamber of Commerce of the United States of America is printed in full and commended to closest scrutiny and consideration. The action of the directors appears on page 8.

THE following interesting figures have been arranged from import and export figures, as of June 16, 1913, compiled by the Division of Statistics, Bureau of Foreign and Domestic Commerce of the Department of Commerce.

IMPORTS.

Twelve Months Ending May.

1908	\$1,214,745,079
1909	1,279,362,023
1910	1,501,736,072
1911	1,524,295,408
1912	1,645,041,321
1913	1,812,535,891
	\$9,037,715,794

EXPORTS.

Twelve Months Ending May.

1908	\$1,883,143,696
1909	1,660,960,795
1910	1,734,516,529
1911	2,035,501,242
1912	2,207,795,404
1913	2,440,698,624
	\$11,952,616,290

The Excess of Exports in six years, is seen to be \$2,924,900,496.

The Place of Cotton

Hidden in the above figures is proof of the economic importance of cotton, raw and manufactured. Cotton, next to corn, is the most valuable crop grown in the United States. Cotton in its unmanufactured condition is the largest single item of export.

Deducting the total value of imports from the total value of exports for the years 1908 to 1912, the excess of value of exports will be found to be \$2,296,737,763. During that same period the value of raw cotton exported was \$2,456,794,250, detailed as follows for fiscal years ending June 30.

1908	\$437,788,202
1909	417,390,665
1910	450,447,243
1911	585,318,869
1912	595,849,271
	\$2,456,794,250

During the same period exports of manufactured cotton steadily increased in value as follows:

1908	\$25,177,758
1909	31,878,566
1910	33,397,097
1911	40,851,918
1912	50,769,511
	\$182,074,850

It will be seen from the above figures that cotton, raw and manufactured represented an export value during the five years in question of \$2,638,869,100 or \$342,131,337 more than the entire trade balance in favor of the United States in merchandise in the period shown.

THE signature by President Wilson of the Sundry Civil Bill, with its objectionable provisos extending exemptions to labor and agricultural organizations in the section making appropriations for "Enforcement of Antitrust Laws," taken in connection with the President's formal statement and explanation, leaves an important governmental responsibility open to dispute and misunderstanding. While President Wilson makes it clear that prosecutions against illegal combinations can and should be carried on by other appropriations in the Department of Justice, the regrettable fact is that the present exemption features will have to be fought out again in a year, since it is evident that all should be equal in the sight of the law.

As stated in the June issue of THE NATION'S BUSINESS, President Wilson was placed in possession of the referendum results on the exemption

provisos before the bill reached his hand for approval and signature.

After signing the bill the President issued the following statement:

"I have signed this bill because I can do so without in fact limiting the opportunity or the power of the Department of Justice to prosecute violations of the law by whomsoever committed.

"If I could have separated from the rest of the bill the item which authorized the expenditure by the Department of Justice of a special sum of \$300,000 for the prosecution of violations of the anti-trust law, I would have vetoed that item, because it places upon the expenditure a limitation which is, in my opinion, unjustifiable in character and principle. But I could not separate it. I do not understand that the limitation was intended as either an amendment or interpretation of the anti-trust law, but merely as an expression of the opinion of Congress—a very emphatic opinion, backed by an overwhelming majority of the House of Representatives and a large majority of the Senate, but not intended to touch anything but the expenditure of a single small additional fund.

"I can assure the country that this item will neither limit nor in any way embarrass the actions of the Department of Justice. Other appropriations supply the department with abundant funds to enforce the law. The law will be interpreted, in the determination of what the department should do, by independent, and I hope impartial, judgments as to the true and just meaning of substantive statutes of the United States."

ON pages 12 to 14 of this issue will be found the Senate Democratic Caucus modifications of the administrative features of the Tariff Bill. These pages supplement the careful digest of administrative details which appeared in the June issue of THE NATION'S BUSINESS. In general they will be found to tend towards simplification. The proposed commission to codify and simplify customs administration appearing on page 14 will be generally approved; for importers and the government have mutual interests in accelerating customs collections and in the general avoidance of disputes.

As a new section, the bill as reported to the Senate contains provisions for a tax of one tenth of a cent a pound on all cotton sold on exchanges, boards of trade, etc., for future delivery. If either buyer or seller is a resident of the U. S., the tax is to be collected even though the transaction occurs on a foreign exchange. Upon actual delivery of the quality and amount of cotton mentioned in the agreement of sale, and to the person mentioned in the agreement, the tax will be refunded.

COMMERCIAL organizations, trusted with the contributions and support of business men, must not protest when these same business men demand of proof of the value of the service. Unless a commercial organization can "produce," it has no right to exist. It is only a fifth wheel on the vehicle of town progress and does not justify its existence nor add to the community strength.

Each official of each organization must satisfy himself that his organization is not doing opportunist work, or simply grasping at ideas and efforts as they come along. Opportunist work will never make a strong organization though it may lead to some valuable work.

The true building of commercial organization rests however upon deeper foundation stones. In each place, the nation over, there is something to be said and something to strive after which makes the place different from every other place.

Research as to community advantage cannot be made effective through one man, but through a union of all the strong men of a community. The commercial organization is the meeting place for these community servants. Its value to the community rests upon the members who deliberately consider community needs, puzzle over problems, decide what matters shall be taken up first, consider all suggestions as related to one long, well-sustained plan and then keep at the plan until results are produced.

Paragraphs

EGYPTIAN COTTON IN ARIZONA.—Plans for a cotton gin to be erected at Mesa, Ariz., are well under way. There are about 4,000 acres in Egyptian cotton this year near Mesa.

IMMIGRATION.—Since 1820 there have arrived in America, up to and including May 1913, 30,632,683 immigrants. The eleven months ending May 1913 brought to the United States 1,021,631 immigrants. The heaviest totals during the eleven months were from South Italy (190,030) and Poland (142,665).

EDUCATIONAL NOTES.—More than 90 per cent of the high schools now reporting to the United States Bureau of Education have full four-year courses.

School lunches are served free or at nominal cost to elementary school children in 41 American cities, in 200 English, 150 German, and 1,200 French communities, according to C. F. Langworthy, chief of nutrition investigations, at Washington.

GERMAN SCHOOL METHODS.—"The German system of Industrial Schooling" is the title of a pamphlet just issued by the Public Education Association of Philadelphia. The material was prepared by Ralph C. Busser, American Consul of Erfurt. Those who lives of children by broader educational opportunities should study those portions of the pamphlet dealing with continuation are interested in adding efficiency to the schools.

BURYING WOODS FOR COLOR.—A special treatment of native woods for use in the better grades of furniture has been tried with success in Germany. Freshly cut birch, oak, elm, or spruce is buried in earth mixed with lime and other materials, and left for from three to five months. A remarkably fine color is imparted to the wood so that it can be used without painting or staining, and after this treatment it has practically no tendency to shrink or swell.

RETAIL ADVERTISING.—Out of the Baltimore Convention of the Associated Advertising Clubs of America has come the organization of retail advertising men. It will be known as the National Association of Retail Advertising Managers. It will work for betterment in retail advertising; will endeavor to stop the improper unloading of goods by misrepresentation and will in a general way endeavor to police the ad. columns for the sake of those who have genuine advertising to insert.

HOP APHIS CONTROL.—At the normal rate of reproduction, provided that none of the aphides were destroyed before they had lived an average life, one winged aphis, which settles on the hop in the spring, would at the end of the fifth generation be the parent of 4,068,989,826 living aphides, weighing 2,152 pounds.

The control of this insect whose ravages are largely confined to the Pacific coast, is described in a recent U. S. Department of Agriculture bulletin by William B. Parker, Entomological assistant.

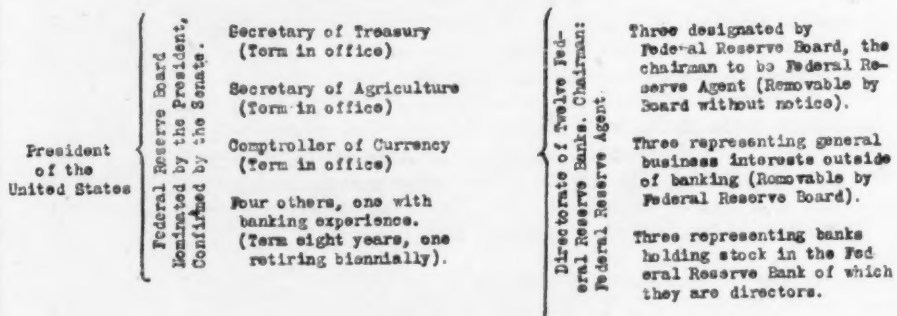
SUGAR CONSUMPTION.—The English-speaking people are the largest consumers of sugar. In 1910 England consumed 80.3 pounds per capita and the United States 81.6 pounds, although still larger amounts are said to be consumed in sugar-growing districts, largely in the form of the ripe cane. Denmark that year consumed 77.7 pounds per capita; Switzerland, 64.3 pounds; and Germany, France, and Holland each about 40 pounds; while in Italy, Greece, and Serbia the rate was only about 7 pounds per capita. The consumption of sugar is everywhere increasing.

BAD FLAVORS IN BUTTER.—If cream comes in contact with iron or copper at any time during the process of butter making, it may take up iron or copper from rusty cans, exposed bolt heads, or other metal parts of pasteurizers or churns, in sufficient quantities to affect the flavor of storage butter.

Recently the scientific staff of the Dairy Division of the Bureau of Animal Industry in the United States Department of Agriculture has reported that the presence of very small amounts of iron in cream causes certain undesirable flavors to increase in intensity during storage. These flavors are often designated by butter experts as "metallic," "oily," or "fishy." The injurious effect of iron was found by adding iron in known quantities, varying from 1 to 500 parts, to a million parts of cream.

The Owen-Glass Federal Reserve Act Summarized

Diagram of Federal Reserve Organization as provided in the Federal Reserve Act



Powers Conferred on the Federal Reserve Board by the Federal Reserve Act

Sec. 12. That the Federal Reserve Board hereinbefore established shall be authorized and empowered:

- To examine at its discretion the accounts, books, and affairs of each Federal Reserve Bank and to require such statements and reports as it may deem necessary.
- To require or on application to permit a Federal Reserve Bank to re-discount the paper of any other Federal Reserve Bank.
- To suspend for a period not exceeding thirty days (and to renew such suspension for periods not to exceed fifteen days) any and every reserve requirement specified in this Act:
- To supervise and regulate the issue and retirement of Treasury notes to Federal Reserve Banks.
- To add to the number of cities classified as reserve and central reserve cities under existing law in which national banking associations are subject to the reserve requirements set forth in section twenty-one of this Act; or to re-classify existing reserve and central reserve cities and to designate the banks therein situated as country banks at its discretion.
- To require the removal of officials of Federal Reserve Banks for incompetency, dereliction of duty, fraud, or deceit.
- To require the writing off of doubtful or worthless assets upon the books and balance sheets of Federal Reserve Banks.
- To suspend the further operations of any Federal Reserve Bank and appoint a receiver therefor.
- To perform the duties, functions, or services specified or implied in this Act.

Powers Conferred on the Federal Reserve Agent by the Federal Reserve Act

CHOSEN:

By Federal Reserve Board (Sec. 4).

TERM:

Three years, unless sooner removed (Sec. 4).

DISMISSED:

By Federal Reserve Board, at pleasure, without notice (Sec. 4).

POWERS:

- To act as official representative of Reserve Board in the performance of the functions conferred by the act upon the Board (Sec. 4).
This power implies powers to make recommendations upon every question and every application which goes from a district to the Federal Reserve Board, e. g., applications of State banks for right to become member-banks, questions of removal of fellow directors of classes B and C, definition of paper subject to discount, questions of permission to Reserve Bank to discount paper of member-banks, permission to Reserve Bank to open foreign accounts and foreign agencies, permission to member-banks to open foreign branches, questions of issue of Federal Reserve Treasury notes, questions of additional security for notes, permission to country banks to have 5% of their reserves with banks other than Reserve Bank, etc.
- To receive from Directors applications for issue of notes (Sec. 17).
- To receive from Directors deposits of securities for notes, and presumably to have the custody of these deposits (Sec. 17).
- To receive from Federal Board notes which are granted upon applications, and transmit to Reserve Bank (Sec. 17).
- To approve securities offered in exchange for securities deposited with him by Reserve Bank when notes are issued to Reserve Bank (Sec. 17).
- To act as chairman of Directors of Reserve Bank, and thus be the executive officer in charge of Reserve Bank, both in its own affairs and in its supervision of member-banks (Sec. 4).
- To exercise such express powers as may be conferred through By-laws adopted by Directors of Reserve Banks (Sec. 4; 5136, R. S.).
- To classify member-banks of the district into three groups (Sec. 4).
- To establish lists of District Reserve Electors for Classes A and B,—from these electors the Directors of Reserve Bank are chosen (Sec. 4).
- To receive votes for Directors and to designate the persons elected Directors of Classes A and B.
- To establish an eligible list, in case there is no election from the original list of electors.

DUTIES:

- To maintain a local office of the Federal Reserve Board on the premises of the Reserve Bank (Sec. 4).
- To make regular reports to Federal Reserve Board, apparently making these reports with entire independence of the Directors of the Reserve Bank.

Summary of the Federal Reserve Act

S. 2639: Mr. Owen of Okla.: To provide for the establishment of Federal reserve banks, for furnishing an elastic currency, affording means of rediscounting commercial paper, and to establish a more effective supervision of banking in the United States, and for other purposes.

Federal Reserve Banks

Organization: The bill would incorporate for a period of 20 years at least 12 Federal Reserve Banks, each in a reserve city in a district determined according to the needs of the customary course of business and the districts together to embrace the continental United States. The capital of a Reserve Bank, not to be less than \$5,000,000 paid-in, would equal 20% of the unimpaired capital of all national banks in the district, the national banks being compelled to subscribe to this amount, paying in 1/2 of their subscriptions and being subject to call for the remainder. The capital would increase and decrease with the capital of subscribing banks. Stock subscribed for subsequent to organization of a Reserve Bank would have to be paid for at book-value. Stock could not be transferred or hypothecated.

Management: Each Reserve Bank would have a board of 9 directors three of whom would be chosen by stock-holding banks as their representatives,—one from each of three groups into which the banks in a district would be divided,—3 chosen by the same banks as representatives of commercial, agricultural, and industrial interests in the district but not to be persons connected with banks and to be subject to removal by the Federal Reserve Board if they appeared not fairly to represent the interests named, and three chosen by the Federal Reserve Board (for this board see below), which would designate one as chairman of the board of directors (salaried), and Federal Reserve Agent, being the official representative of the Federal Reserve Board and removable by the said board at pleasure. The term of one of the three members in each group of the directors would expire each year.

Operations: Reserve Banks could accept deposits only from the United States and from stock-holding banks (hereafter called "member-banks.") They would receive on deposit the revenues of the U. S. paying such interest as the Secretary of Treasury might fix, and would be the fiscal agents of the U. S. The deposits of the U. S. would be apportioned among Reserve Banks by the Secretary of Treasury.

Member-banks, after a date would be compelled to maintain deposits equal to 5% of their own liabilities, exclusive of national bank notes. On these deposits of member-banks Reserve Banks could pay no interest. The deposits received from member-banks would include checks and drafts drawn by member-banks on other member-banks. In this connection, the Federal Reserve Board could act as a clearing-house for Reserve Banks, and could require a reserve bank to be a clearing-house for its member-banks.

Discounts would be made by Reserve Banks for member-banks as follows: (1) paper indorsed by a member-bank, maturing at not more than 45 days, and arising from commercial transactions except dealings in stocks and bonds, but including paper with a maturity not exceeding 4 months secured by U. S., State, or municipal bonds; (2) paper indorsed by a member-bank and with maturity up to 120 days, if the rediscounting Reserve Bank had cash reserves exceeding 33 1/3% of its total demand liabilities and if not more than 50% of this paper had maturity exceeding 60 days; and (3) acceptances of member-banks based on transactions in foreign trade, maturing at not more than 90 days, and bearing indorsement of a member-bank in addition to the accepting bank, the amount of acceptances discounted for one member-bank not to exceed 1/2 the capital of the member-bank and the amount bearing the name of any one person, firm, etc., not to exceed 10% of the member-bank's capital.

Discount rates would be established weekly by each Reserve Bank, but would be subject to review by the Federal Reserve Board.

Direct loans might be made by Reserve Banks to member-banks upon approval of the Federal Reserve Board. These loans would have to be secured by pledge of securities taken at 3/4 their market value, and loans to any one member-bank could not exceed 1/2 its capital.

In the open market, under rules of the Federal Reserve Board Reserve Banks might buy and sell exchange. Without restriction by Federal Reserve Board, they could deal in gold and invest in U. S., State, and foreign-government securities.

Branches might be established by a Reserve Bank within its district, but not more than one branch for each \$500,000 capital of the Reserve Bank.

Abroad they might establish agencies, with the consent of the Federal Reserve Board.

The reserve of Reserve Banks, kept in vaults in gold or lawful money, would at all times have to equal 33 1/3% of demand liabilities.

From net earnings, cumulative dividends of 5% on the stock would be payable; one-half the remainder of net earnings would go to a surplus fund until this fund amounted to 20% of the capital; the other half of the remainder, and after the surplus fund was complete the whole of the remainder, would be paid to the U. S.

Federal Reserve Board

Organization: The Federal Reserve Board would be composed of the Secretary of Treasury, the Secretary of Agriculture, and the Comptroller of Currency, together with 4 persons chosen by the President and confirmed by the Senate, serving for rotating terms of 8 years, receiving salaries of \$10,000, not to be connected with any bank during tenure of office, but one of them to be experienced in banking. One of the four would be designated as Governor of the Federal Reserve Board and be its active manager, subject to supervision by the Secretary of Treasury.

Powers: The Federal Reserve Board would have power to choose 3 directors for each Reserve Bank, designate the chairman of directors in each Reserve Bank, remove him at pleasure and also remove the directors

(Continued on page 4.)

The Owen-Glass Federal Reserve Act Summarized (Continued)

(Continued from page 3.)

representing commercial, agricultural, and industrial interests, to permit Reserve Banks to open branches in their respective districts and to establish agencies abroad, to require that one Reserve Bank rediscount the paper of any other, to suspend for 30 days and for subsequent periods of 15 days any and every reserve requirement in the bill, to require any Reserve Bank to write off doubtful assets, to suspend the operation of any Reserve Bank and to appoint a receiver. The Board would also define the character of commercial paper which Reserve Banks might discount for member-banks, review the weekly discount rates established by Reserve Banks with power to change, permit or prohibit loans from Reserve Banks to member-banks, prescribe rules under which Reserve Banks could buy and sell exchange in the open market, maintain a clearing house for member-banks, permit State banks to become stockholders in Reserve Banks, examine Reserve Banks, fix salaries, etc., of examiners of national banks, order special examinations, add to list of cities the national banks in which could not lend on farm lands, etc.

In regard to the new currency, the Federal Board would have power to refuse or grant, in whole or in part, applications for notes, and require additional security, require a deposit of gold with the Treasurer of the U. S. equal to 5% of outstanding notes.

Expenses of the Board would be assessed on the Reserve Banks proportionately to their respective capital.

Currency

The bill would authorize an issue of Federal Reserve Treasury notes to a total of \$500,000,000 plus the amount of national bank notes which might have been retired from the amount outstanding at the passage of the bill. The notes would be obligations of the U. S., on demand payable in gold at U. S. Treasury or at any Reserve Bank, would be issued only as advances to Reserve Banks, would be a paramount lien on the assets of Reserve Banks and would be receivable for taxes, customs, and other public dues.

By vote of the board of directors, a Reserve Bank could apply to Federal Reserve Board for such an amount of notes as it deemed best, tendering as collateral security paper acceptable for discount. If successful in the application, the Reserve Bank would have the privilege of changing securities with approval of Federal Reserve Board; the Federal Reserve Board could reject or grant the whole or any part of an application. Against notes so obtained, a Reserve Bank would have to segregate and hold a reserve of 33 1/3% in gold or lawful money, and might be required by the Federal Reserve Board to deposit with the U. S. Treasurer 5% in gold, this deposit to count as part of the reserve. Upon notes Reserve Banks would have to pay such interest as the Federal Reserve Board might require. Reserve Banks could reduce their liability for notes by depositing with the U. S. Treasurer notes, lawful money, or gold.

National Banks

National banks would have to subscribe in an amount equal to 20% of their capital to the stock of the Reserve Bank in their district, paying in one-half the subscription and being liable on call for the remainder; within 60 days would have to establish with their respective Reserve Banks balances equal to 3% of their demand liabilities exclusive of notes, and after a date would have to maintain this balance at 5%. National banks failing to comply in one year with the requirements of the bill would be dissolved.

National banks could accept bills of exchange based on transactions in the foreign trade and having maturity not to exceed 6 months sight, the aggregate not to exceed 1/2 the capital of the accepting bank. Together with State banks which had become stockholders in Reserve Banks they would have exclusive right to the discount facilities offered by Reserve Banks. With approval of the Federal Reserve Board they might receive loans from Reserve Banks, on collateral security at 3/4 the market value of the security, loans not to exceed 1/2 the capital of the borrowing bank. Through discounting of paper with Reserve Banks and through loans they would get the advantage of the proposed new issues of notes.

Reserves of national banks now classified as "country" banks would have to amount to 15% of deposits,—5% on hand, 5% on deposit with the

Reserve Bank of the district and 5% either on hand or on deposit with the Reserve Bank, except that the Federal Reserve Board might permit the third part of this reserve to be on deposit with any bank in a reserve or central reserve city as now defined by law. Reserves of national banks situated in reserve cities would have to amount to 20%,—10% on hand, and 10% on deposit either with the Reserve Bank of the district or with a reserve agent in a central reserve city. (In any event, the requirement that all national banks have deposits of 5% with their Reserve Banks could not be disregarded.) Reserves of national banks in central reserve cities, too, would have to amount to 20%,—10% on hand and 10% either on hand or on deposit with the Reserve Bank. The readjustment of reserves would occur over a maximum period of 38 months after the passage of the bill.

The 5% deposit with the Treasurer of the U. S. against national bank notes could no longer be counted as reserve.

Upon organization, national banks would not be required to deposit U. S. bonds with the Treasurer of the U. S. Their present issues of national bank notes they could not increase beyond the amount outstanding at the passage of the bill, and if they subsequently reduced their issues, they could not again reissue them. They could not use any substitute for circulating notes, such as clearing-house certificates, cashier's checks, etc.

Examination of national banks would occur under authority of the Comptroller of the Currency at least twice a year, the cost to be assessed proportionately to the resources of the banks, and successive examinations not to be made by the same examiner. A Reserve Bank, too, could examine all national banks in its district, and would have to examine banks in reserve cities at least four times a year.

Stock-holders in national banks would be severally liable, each to the extent of the par value of their stock, for contracts, debts, etc., of their banks, in addition to their investment in their stock.

Loans on improved unencumbered farm lands to run for not more than 9 months and not to exceed 50% of the actual value of the lands, could be made by "country" banks, the aggregate of such loans by a bank not to exceed 25% of its capital surplus, or 50% of time deposits.

Foreign branches might be established by national banks with a capital of \$1,000,000 or more, for the furtherance of foreign commerce and to act, if required, as fiscal agents of U. S.

These branches could be established, however, only upon approval of the Federal Reserve Board.

State Banks

State banks with requisite capital might, with the approval of the Comptroller of the Currency and upon a vote of 51% of their stock-holders, become national banks. Without becoming national banks, State banks with requisite capital might upon approval of the Federal Reserve Board, given according to by-laws to be adopted by the Board, subscribe to the stock of the Reserve Bank of their district and thus become subject to the same requirements as national banks and obtain the privileges of member-banks.

Refunding 2% Bonds

National banks would not in the future, upon organization, have to deposit U. S. bonds with the Treasurer of the U. S. Two per cent bonds now outstanding as a basis for national bank notes would be retired wholly at the end of 20 years, together with national bank notes, and be replaced with 3% 20-year bonds, without the circulation privilege. Meanwhile, 5% of the 2% bonds could be refunded yearly in 3% bonds. As bonds were refunded, the power of national banks to issue notes would cease.

Status: Introduced and referred to S. Com. on Banking and Currency, 6-26-13.

H. R. 6454: Mr. Glass of Va.: To provide for the establishment of Federal reserve banks, for furnishing an elastic currency, affording means of rediscounting commercial paper, and to establish a more effective supervision of banking in the United States, and for other purposes.

Identical with S. 2639 above.

Status: Introduced and referred to H. Com. on Banking and Currency, 6-26-13.

The Owen-Glass Federal Reserve Act Scrutinized

Report of the Committee

on Currency and Banking of the

Chamber of Commerce of the United States of America

on The Owen-Glass Currency Bill

WASHINGTON, D. C., July 11, 1913.

To the Board of Directors of the Chamber of Commerce of the United States of America.

Your Committee on Currency and Banking has completed an examination of the Owen-Glass banking and currency measure in all its essential phases and has also weighed the same in its entirety as a practical instrument of government regulation and control. It regards the measure as a piece of constructive legislation and believes that it embodies in a large degree elements necessary to provide the Nation with a safe currency and banking system.

In view of the fact that the framers of the measure invite friendly criticism and suggestion, we are prompted to point out wherein the proposed Act may be materially improved and strengthened. In doing so we have aimed to confine ourselves to salient and essential features only. For convenience our suggestions are grouped as follows:

- I. Control and Management.
- II. Creation of the Reserve Bank System.
- III. Note Issues and Discounts.
- IV. Miscellaneous.

In order that the members of the Chamber may readily follow this report, we append to it a copy of H. R. 6454 (introduced in the House of Representatives by Mr. Glass June 26, 1913) and refer to it by section, page and line.

Outline of Chief Features of the Bill

In general the bill provides for the gradual retirement of the present issue of national bank notes which are secured by government bonds, and for the issue of Federal Reserve Treasury notes secured in the main by the deposit of commercial paper; and divides the United States into sections establishing in them Federal Reserve Banks, under the control of a Federal Reserve Board of seven appointed by the President of the United States.

The Secretary of Agriculture, the Secretary of the Treasury, and the Comptroller of the Currency are specifically named as three of the seven constituting the Federal Reserve Board. The other members are to be appointed at large by the President with the consent of the Senate and to hold office for eight years.

This Federal Reserve Board has the power to create Federal Reserve districts, and establish a Federal Reserve Bank in each district. All the national banks are required to subscribe 20% of their capital stock to the capital of such a Federal Reserve Bank, paying in one-half of their subscriptions. The directors of each Federal Reserve Bank are to be nine in number—three bankers and three non-bankers elected by the member-banks, and three appointed by the Federal Reserve Board, one of whom it designates to be Chairman of the Board of Directors as well as to be the Agent of the Federal Reserve Board. These Federal Reserve Banks, except in matters of foreign exchange, deal only with member-banks supplying them with currency and accepting their deposits as reserves. Each Federal Reserve Bank may discount for its member-banks their commercial paper endorsed by them, through this operation supplying the currency provided for in the bill.

(Continued on page 5.)

The Owen-Glass Federal Reserve Act Scrutinized (Continued)

(Continued from page 4.)

The recommendations we desire to submit for your consideration and approval, to be submitted eventually to Congress, are as follows:

I. Control and Management

As the principle of government control so strongly dominates the proposed legislation for banking and currency reform and is regarded as essential by the Administration, suggestion will be largely limited to means of developing and maintaining the highest efficiency in that control.

The Federal Reserve Board must be able to gauge the broad economic aspects of domestic and foreign trade and their relation to industry, commerce, and banking in this country. This demands the highest quality of management—experience in business and banking, and a knowledge of both theory and practice.

The bill provides for a board of seven, of whom at least one shall have had banking experience. This element of banking experience can be strengthened without weakening the element of public control. We, therefore, suggest that the Federal Reserve Board be increased to nine, that the original seven shall choose two additional members subject to the approval of the President, and that the Board thus constituted shall elect the Governor and the Vice-Governor of the Federal Reserve Board.

The members of the Federal Reserve Board should be the equals, in point of character, ability, and experience, of the principal banking officers of this country and Europe. The question of compensation should therefore have the serious consideration of Congress. The compensation of the Governor and the Vice-Governor should be fixed by the Board. While men of requisite qualifications might be found who would be satisfied with a moderate salary in such positions, what is wanted is the highest quality of service.

In dignity the Federal Reserve Board should rank with the Supreme Court and it should be equally free from any suspicion of political control. This is in accordance with the best banking experience and practice in all parts of the world.

Federal Reserve Council Suggested

There should be some definite and well developed method of voicing, for the consideration of the Federal Reserve Board, the judgment of the banking and business interests of the country, in order that the Board may be kept in constant touch with business conditions and trade requirements everywhere.

We therefore suggest the organization of a Federal Reserve Council, elected by and representing the Directors of the Federal Reserve Banks and serving in an advisory capacity.

This Council should meet at stated periods in conference with the Federal Reserve Board. Its president and vice-president should reside in Washington, and sit at the meetings of the Board, but without vote. The compensation of the officers and members of the Council should be fixed and paid by the Federal Reserve Banks.

II. Creation of the Reserve Bank System

In important districts wherein are cities naturally qualified by geographical location, by centralized transportation facilities and by common trade interests, to be reserve cities, there is as yet an insufficient aggregate of banking capital to permit the establishment of Federal Reserve Banks under the requirements of a 10% investment and of a minimum capital of \$5,000,000. In other districts the capital requirement may be so barely met that a reserve bank so capitalized would be far inferior in capital and resources to several of the now-existing local banks.

If the newly formed Federal Reserve Banks are to have the desired potency in the foreign exchange movements by which the world's supply of gold is to be made an effective factor in securing stability for our commerce and banking, they must be universally recognized as at least equal to their competitors in this field.

It would be fatal, in our judgment, to the success of this important element of the plan, were they to be petty by comparison with some of the local banks who are their constituent members.

After a careful study of this subject, therefore, we are led to the belief:

(1) There is danger of confusion and possible disaster as the result of the sudden shifting of credit balances and reserves which would occur with the establishment of an arbitrary increase in the number of reserve centers at any one time.

(2) It is important that the clearing principle provided in the proposed measure should be gradually and judiciously developed.

(3) In the creation of a system of Federal Reserve Banks a beginning should be made with the present central reserve cities, additions to be made by the Federal Reserve Board gradually as, in their judgment, conditions warrant them. Meanwhile the facilities required by other centers could, in our judgment, be adequately supplied by branches.

III. Note Issues and Discounts

The Committee suggests two changes in Section 13, Page 19, regarding rediscounts. At the end of paragraph one, "acceptances authorized by the Act" are placed in the list with lawful money, national bank notes, Federal reserve notes, and checks and drafts upon solvent banks as funds which must be accepted on deposit by Federal Reserve Banks. We think this must represent an oversight since it is obvious that while such acceptances may be objects of discount they cannot be regarded as cash.

Lines 21-24, paragraph 2, Section 13, place promissory notes secured by bonds on the same plane with commercial paper, as a basis for loans and currency issues. We understand that this was not the intention of the framers of the bill and we therefore suggest the following change in wording to prevent the possibility of such interpretation: substitute for lines 21-24 after the word "securities" the following: "but it shall include obligations issued by the United States or by any State, county, or municipality in the United States and maturing in not more than six months."

Page 24, Section 17, provides for a limitation on the issue of Federal reserve notes to \$500,000,000 plus the amount of national bank notes that may be retired under the provisions of Section 20.

It seems to the Committee that such a limitation is unnecessary and undesirable; unnecessary, because if the notes be issued against commercial paper only and their automatic redemption be provided for, there can be no danger of redundancy and inflation to prevent which this limitation obviously was imposed; and undesirable, because at the present rate of increase of our population and production the additional \$500,000,000 of currency would be absorbed into permanent circulation in a few years and the elasticity which it is the purpose of this measure to secure would be rendered impossible.

Regarding Note Obligations

The bill states "notes shall purport on their face to be obligations of the United States" and provision is made for their redemption either by the Treasury or by Federal Reserve Banks, although they are to be issued solely for the purpose of making advances to banks and are thus definitely co-related with trade requirements, covered for the most part by commercial paper and protected in any event by bank reserves.

The Administration is in favor of a government currency, presumably because it wants it to be of the best quality, and not involving anything of a fiat nature. This attitude, however, is likely to be misunderstood because of our historic experience with continental currency and greenbacks; and future administrations may have a different conception of the principle involved.

Your committee believes that the assumption of an obligation by the government to redeem Federal Reserve notes at the Treasury might in critical times seriously embarrass the Treasury. Such a provision is unnecessary, since the requirement of payment on demand at all Federal Reserve Banks is ample provision for redemption. Inasmuch as the Federal Reserve Banks are to be the government depositories the money for redemption must in any case be supplied by them. The safety of such notes is fully provided for since they are a first lien on the assets of all Federal Reserve Banks and since their ultimate payment is guaranteed by the government in case these assets should prove inadequate.

With the changes herein suggested the first paragraph would read as follows (Page 24, lines 1-19 inclusive, section 17—Note Issues):—

"That an issue of Federal reserve notes is hereby authorized.

"The said notes shall bear on their face the guarantee of the United States and shall be issued at the discretion of the Federal Reserve Board, and solely for the purpose of supplying currency to Federal Reserve Banks as hereinafter set forth. They shall be receivable for all taxes, customs, and other public dues, and shall be redeemed in gold on demand at any Federal Reserve Bank."

On Page 26, line 5, the bill allows the Federal Reserve Board to charge interest on notes supplied to the Federal Reserve Banks. This provision copies the unfortunate idea of the Aldrich-Vreeland Act of 1908. The borrower whose business requires the use of currency should not be taxed if the borrower whose facilities enable him to use his own checks is not to be so taxed.

In effect the tax thus imposed by this bill falls on those who must meet pay-rolls and also on country districts where currency is most used; while in financial centres large borrowers who pay by check would not be affected. The committee respectfully objects to this part of the bill as discriminating against some borrowers, while not at all preventing inflation by others who can use checks in their transactions.

Inflation Is Preventable

In order to obtain the desired elasticity of the currency, to prevent inflation, and to force the notes back when not needed by the public, instead of a tax on the notes which is really paid by the borrowing public and not by the bank, it is suggested that the end desired can be effectively accomplished by giving the notes an identifying number indicating the Federal Reserve Bank on whose behalf they are issued, and by making it unlawful for any Federal Reserve Bank to pay out any notes but its own.

Inflation of credit, whether in the form of currency or deposit accounts, can be checked only at its source, namely, the counters of the lending banks, and for this purpose the Federal Reserve Board is properly given power to check inflation through its control of the rate of interest at which loans may be made by the Federal Reserve Banks.

It seems also to your committee that the Federal Reserve Banks should mutually guarantee the notes issued on their behalf by the Federal Reserve Board, and to this end we suggest that line 9, page 26, be changed so as to read "combined assets of all the Federal Reserve Banks."

IV. Miscellaneous

We recommend:

(A) That the wording of the bill be so revised as to leave no doubt in regard to the power or authority that is intended to be given to the Federal Reserve Agents who are to be designated by the Federal Board as Chairmen of the Boards of Directors of the respective Federal Reserve Banks, and that it be made entirely clear that these agents are not to relieve the Directors of any of their responsibilities or in any manner supersede them in authority or in the management of the Bank's affairs.

(B) That statements of each Federal Reserve Bank and a consolidated statement of all Federal Reserve Banks be made and published weekly.

(C) That the bill shall specifically authorize each Federal Reserve Bank to make deposits in and discount for any other Federal Reserve Bank.

(D) The bill provides, Section 4, page 5, lines 4-7 inclusive, that the charters of the Federal Reserve Banks, by it incorporated, shall expire twenty years from their organization unless sooner dissolved by Act of Congress. It makes no provision for a renewal of the charters of these institutions. It might perhaps be that through a deadlock in Congress, or from other reasons, legislation designed for the continuance of banking operations might fail; under which circumstances the complex and delicate fabric of our national finance and credit would go to pieces. We recommend, therefore, that the phrases be so amended as to provide for the automatic continuation.

(Continued on page 6.)

California's Resources

The Annual Report of the California Development Board of San Francisco, supplies an elaborate analysis of the resources and possibilities of the State.

The impressive character of the work carried on by the Board is due to the thoroughness and directness with which it works. It has demanded that indefinite boasting shall give way to facts. The annual report therefore sets forth in elaborate detail every resource fact that can be vouched for on official figures from all sources.

Three of these tables included are particularly impressive, the first dealing with the harbor improvements of San Francisco Bay as a whole; the second with the total carloads of fresh and canned fruits, vegetables, wines and brandy from 1890 to 1911 (16,195 in 1890 and 116,267 in 1911); the third with the vast increase in the mineral oil output of the state between 1900 and 1911 (1900 only 4,000,000 barrels; in 1911, 83,744,044 barrels). In connection with these mineral oil figures it is shown that of the world's output in 1910 California approximated 22 per cent, and the United States as a whole 64 per cent.

Oppose Forest Cessions

The committee on forestry of the National Wholesale Lumber Dealers' Association at the annual meeting in Atlantic City, came out flatly against the cession of national forests to the respective States. They submitted the following report in part:

"We view with deep concern the efforts that are being made in Congress and some of the State legislatures to turn over the national forests, their management and resources, to the States in which they are located. We believe these national forests are the property of the whole people, and are the most significant and concrete expression of the principle of conservation. Under the present intelligent management of the national government, monopoly of these public resources is prevented, their present and future uses for all the people secured. Once public ownership is surrendered, the three great resources—timber, water, and forage—will quickly be monopolized for private advantage. The financial burden for the protection, administration, and development of these forests would involve a financial burden far beyond the ability of any State to assume.

The Owen-Glass Federal Reserve Act Scrutinized

(Continued from page 5.)

uance of the established banking system until superseded by new legislation.

(E) Under the provisions of the bill, page 11, Section 7, lines 8-22, the net earnings of the Federal Reserve Banks, after providing for 5% cumulative dividends on the capital stock and for the accumulation of a surplus of 20%, are to go to the United States. In our judgment it would be desirable to use these surplus earnings, first for the establishment of a safety fund to take the place of the government's guarantee of the notes, the excess after providing for the establishment and maintenance of such fund to be devoted to the gradual liquidation of the existing demand obligations of the United States.

(F) That on page 16, Section 11, line 11, the words "Secretary of the Treasury and" be stricken out, since the Secretary of the Treasury is a member of the Federal Reserve Board under whose supervision the Governor of said Board shall be its active managing officer.

(G) That there be inserted on page 21, Section 15, line 18, after the word "banks" the word "firms" and after the words "bankers' bills" the words "prime bills."

(H) That the term "short time obligations" as used in Section 15, page 22, line 1, shall be defined as being obligations maturing within one year.

(I) Section 16, page 23, lines 10-12. That the apportionment of "the funds of the Government among the said Federal Reserve Banks" by the Secretary of the Treasury shall be made at the request or recommendation of the Federal Reserve Board since such distribution constitutes a distinctly economic problem.

Various questions, in addition to those referred to in this report, have no doubt arisen in the minds of many business men and bankers. Some of these have, after being thoroughly considered in all of their many bearings, become minimized or have lost their force entirely. Others we have found have been noted for amendment by the framers of the measure; hence their omission from this report. We believe that no essential feature has failed of thorough consideration.

Suggestions of minor changes will be conveyed to the Committees of the House and Senate by direct communication.

WALLACE D. SIMMONS, St. Louis, Chairman.

JOHN W. CRADDOCK, Lynchburg, Va.
IRVING T. BUSH, New York City.
EDMUND D. FISHER, New York City.
EDWARD T. PAGE, Oakland, N. J.
JOSEPH FRENCH JOHNSON, New York City.
J. LAWRENCE LAUGHLIN, Chicago, Ill.
GEORGE A. MAHAN, Hannibal, Mo.
WILLIAM A. SCOTT, Madison, Wis.
GEORGE WILLIAM BRUCE, Milwaukee, Wisconsin.
J. M. MILLER, JR., Richmond, Va.
ALLEN CUCULLU, Lynchburg, Va.
JOHN V. FARWELL, Chicago, Ill.
E. D. HULBERT, Chicago, Ill.

With the general government in control of these forests a sound, stable policy will be assured, free from any local, political, or other influences, whereas, if left to the several States in which they are located, they will be made the football of private interests and political factions. This change can only mean the abandonment of forest conservation as a sound and safe public policy, and presenting to a few States wealth that figures can hardly express, and that rightfully belong to all the States. There is no mistaking the attitude of many Senators and Representatives toward the ownership and management of these vast national resources. This is shown in curtailment of appropriations and all manner of criticism. There should be the amplest appropriation for the prevention of forest fires and investigation of the value of what is both above and below the surface and of the practical and financial value of the water of which the forest is the natural storage reservoir."

Waterpower Decisions On Public Lands

In the matter of a water power project on the Pend d'Oreille River in Northern Washington, Secretary of the Interior Lane has laid down five conditions as an ideal standard toward which to work in the making of the contract between the Government and the applicants.

1. The greater the development of horsepower the lower the charge per horsepower to be made on the part of the Government. This is intended to secure the full use of the stream.

2. The lower the rate to consumers the lower the charge on the part of the Government.

3. No charge whatever for a period of five or ten years during which the power company is finding its market.

4. Acceptance as a public utility of the State's jurisdiction over intrastate rates and service; and of Federal jurisdiction over interstate rates and service.

5. Absolute prohibition of combination or monopoly and the right of revocation on the part of the Government in the event that it is established to the satisfaction of the Secretary of the Interior or the courts that such combination has been made or that prices have been fixed by agreement with competing plants.

The lower the rate charged to consumers by electrical power companies the lower will be the tax which such power companies

must pay the Government for right to use the public lands and the waters of navigable streams for the development of electrical power. Secretary Lane is opposed to making the use of these waters a source of revenue to the Government, but is in favor of requiring the fullest use of the waters for the benefit of the public.

On Navigable Streams

Because of the sweeping extent to which it upholds government ownership and control of water power on navigable rivers, the decision of the Supreme Court in the Chandler-Dunbar case has been printed as a public document at the request of Senator Burton, of Ohio. (Senate Document No. 51; 63rd Congress, 1st session.)

The Senator regards the opinion as epochal in that it holds that the government in seeking to improve a river for navigation is not required to pay out millions to owners of the river banks or of the river bed for water power, incident to the banks or bed. The court held that these owners have no ownership of the water power as against the government seeking to improve a river for navigation.

Senator Burton also sees in the decision an answer to the recent arguments of several senators, that the government, after improving a river for purposes of navigation, could not control the water power resulting from that improvement, but must let it revert to the adjoining landowners. He lays emphasis upon that part of the decision which says the government need not let this power go to waste, but may use it or lease it to a private individual or concern.

The Asiatic Institute

The Journal of the American Asiatic Association, published in New York, describes in detail the Asiatic Institute whose President is former President Wm. H. Taft. The objects of the organization are defined as follows:

To establish an Asiatic and Pacific Library museum, and educational and publicity institute; To promote the study of progress and conditions in Eastern Asia and the Pacific; To disseminate in the United States knowledge of Pacific affairs; and in particular:

(a) To promote the study of Chinese, Japanese, and other Eastern Asian languages, literatures, laws, religions, arts, economic conditions, and politics;

(b) To establish the study of Chinese, Japanese and Korean, Siamese, Filipino, Malayan, and Asiatic Russian progress and reform;

(c) To know the influence of the West upon the countries of Eastern Asia, and the effect of the progress and development of those countries upon the West in the Pacific Basin;

(d) To encourage co-ordination of American activities and contact with native movements in Eastern Asia and the Pacific, to promote intercourse and contribute to the solution of questions arising from the contact of different civilizations there, issue publications and otherwise do such things as may be necessary to advance its work.

Frederick McCormick, the Honorary Secretary, has made the purposes of the Asiatic Institute very clear. The most vital point in his statement is that included in the last paragraph.

PROBLEM OF THE CENTURIES

"Whoever co-operates with the Asiatic Institute can assure himself that he joins in the solution of 'one of the greatest problems of the century and the centuries to come—the reconciliation and union of the Orient and Occident,' and allies himself with what 'appears to promise the only means for accomplishing this.'"

Mr. McCormick made the following statement earlier in his paper:

"The Asiatic Institute must be a meeting place and forum, and should be a guide and reliance to the thousands of representatives of the two civilizations of the Pacific struggling to reach common ground widely separated by distance, conceptions, aims and pursuits."

The Sheriff's Deputy

In nine stores out of ten the sheriff has a "deputy."

He is the failure to get the true picture of every detail of the business—the depending on unsupported "judgment" for guidance—the judgment without charted facts which is merely guess work—the effort to guess one's self to success in competition with business men who know.

He is the not knowing—from records that can be compared with records of similar periods, a month, a year or five years ago. He is the confusion caused by mixing methods of figuring profits, which more than half the 2,000,000 retailers in business today are doing.

He is the lack of knowledge which would allow the retailer to know which things to do first. He is the dead stock which lies on the shelves, eating the profits the live lines earn. He represents neglected opportunities. He is the hidden leaks that do not come to the manager's eye, but exist just the same.

And it all sums up to this: It costs more not to keep and analyze accurate records than it does to keep them.—F. M. Paull in Grand Rapids Furniture Record.

German Development

Dr. Hjalmar Schacht, director of the Dresden Bank, when recently in Berlin gave an interview to a staff correspondent of Financial America.

The interview, which was too lengthy for inclusion here in its entirety, contains some striking facts regarding Germany.

"Many foreigners who do not know Germany by own experience, have a quite wrong opinion about her economic and financial development during the last four decades. I will give a few examples only to show the progress of production in Germany.

Increase in German Production

"The crop returns per hectare have increased in the last 25 years: Wheat 60 per cent., rye 75 per cent., oats 80 per cent. In the same period the consumption of Chile salt petre has increased 12 times. Forty years ago, the amount of beet production per kilogram of raw sugar has been 12 kilograms; today it is 6 kilograms only. The number of co-operative societies of farmers has increased seven times in the last 20 years. Forty years ago, the number of horses, cattle and pigs in Germany was just about 25,000,000. Meantime the number has doubled, while in Great Britain and France it is only 11,000,000 and 25,000,000 respectively. The production of wheat, rye, oats and barley in Germany is only second to that of the United States and Russia, and as regards the crop return per hectare, Germany is far ahead of all nations in the world.

"The production of coal in Germany has increased in the last 25 years over 200 per cent., against 66 per cent. and 96 per cent. in Great Britain and France respectively. The German pig iron production has increased in the same period 300 per cent., against 35 per cent. and 148% per cent. in Great Britain and France. Her share in the steel production of the world is 22.75 per cent. and the total value of the mining production in Germany amounts today to \$500,000,000 against less than \$80,000,000 40 years ago.

Gain in Savings and Revenues

"Her foreign trade has increased in the last 20 years by 143 per cent. against an increase of only 65 per cent. and 70 per cent. for Great Britain and France respectively. In accordance with this development, the standard of life in Germany has risen enormously. Lodging, clothing, and consumption of food, the wide spread of education, art and science have developed in Germany in the last 40 years in a way scarcely shown any other European nation.

Peace Necessary to Germany

"Germany is going to increase her military force at a cost of \$250,000,000, which amount is to be brought up by a single non-recurring tax to be levied on property. This has been criticized by the papers in some of the European neighboring countries. The peaceful intentions of Germany are doubted, and further, they prophesy that the immense military expenses will be Germany's ruin. Any one knowing Germany, knows that both opinions are wrong. Of all nations in the world none is so capable to judge objectively on Germany as the American, between whom and Germany there does not exist any historical rivalry, and who looks at everything with the sound judgment of the business man.

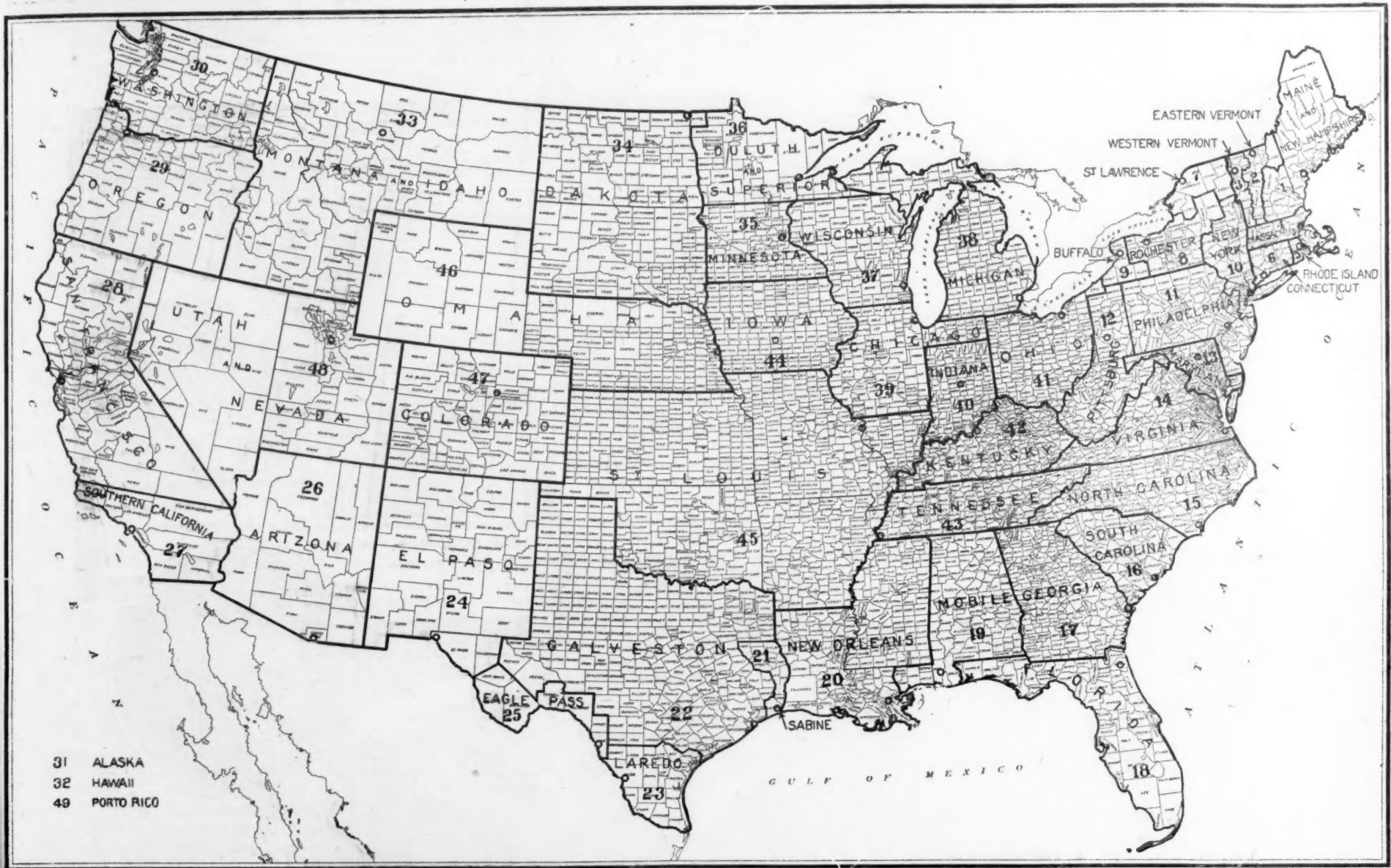
"It is true, Germany is at present the leading military power on the European Continent, but she has only used this power for the maintenance of peace. She is the only European nation who did not have any war in the last 40 years. Also, it is due above all to Germany's steady politics that in the present Balkan crisis a conflict between the European Powers has been avoided.

"Germany's economic development requires peace. This peace, however, is only possible, because Germany has put her economic life under a strong military protection, which deters all nations from an attack on Germany."

Steam Laundries

According to Census figures for 1909, there are 5,186 steam laundries in the United States, employing an average of 109,484 wage earners and using 125,477 primary horse power. The capital employed in these laundries is \$68,935,226. The total expenses for the year were \$85,187,604. The total amount received for work done, was \$104,680,086.

As laundries have not hitherto been considered as manufacturing establishments, it is impossible to compare the statistics of 1909 with previous years. The above figures, however, indicate what great proportions have been attained by this industry. The figures quoted above refer only to those operated by steam power and do not include figures for hand laundries.



OUTLINE MAP SHOWING THE FORTY-NINE CUSTOMS-COLLECTION DISTRICTS UNDER THE REORGANIZATION ORDERED BY PRESIDENT TAFT, MARCH 3, 1913. IN EFFECT JULY 1, 1913.

On July 1st the Customs Reorganization authorized by the 62nd Congress and ordered by President Taft on March 3rd, 1913, went into effect.

The map above and the accompanying list of districts and their headquarters will make clear what a drastic reorganization has taken place.

In accordance with Executive order this reorganization is to be for the fiscal year ending with June 30, 1914, and, unless otherwise provided by Congress, is to be the permanent organization of the Customs Service.

By the reorganization the number of points with collectors of customs has been decreased from 152 to 49. The new districts follow the lines of the states generally, each state having a headquarters, the larger states having two or three where necessary. Vermont has two districts, one eastern and one western; New York has four districts. Philadelphia takes in the State of Delaware and parts of New Jersey, other portions of New Jersey are absorbed by New York.

The reorganization is simply a plan to bring the distribution of customs districts to an economical working basis and at the same time adjust the customs management to changes which have taken place in points of commerce. For instance, Alexandria was at one time the point of shipment for the southeast—now its commerce has declined. A number of ports designated as ports of entry have no permanent force, deputy collectors simply being sent to those points when business is to be transacted there. Salaries have been put on a fixed basis and no fees are to be allowed for storage. The scale of salaries is to be based upon the amount of work in the district and upon the added responsibility in some cases.

There has been some criticism on the ground that points of shipment will be changed to correspond with the new customs headquarters. The Department of the Treasury insists that this is a very unreasonable assumption since the change will not

interfere in any way with the previous method of shipment on the part of merchants. The collector at headquarters will be in constant touch with deputy collectors. Appraisements will be made by deputy collectors—but only tentative appraisements. The real appraisements will be made at headquarters, but this will have no effect on the passing on of the goods shipped.

Another feature of the customs reorganization is the plan of the government to print all blanks for invoices, etc., and to charge one cent each for them. In some districts, collectors have been making great sums through the sale of blanks at ten cents each.

Points Where the Collection of Each \$1.00 Cost 25 Cents And Over in the Year Ending June 30, 1912.

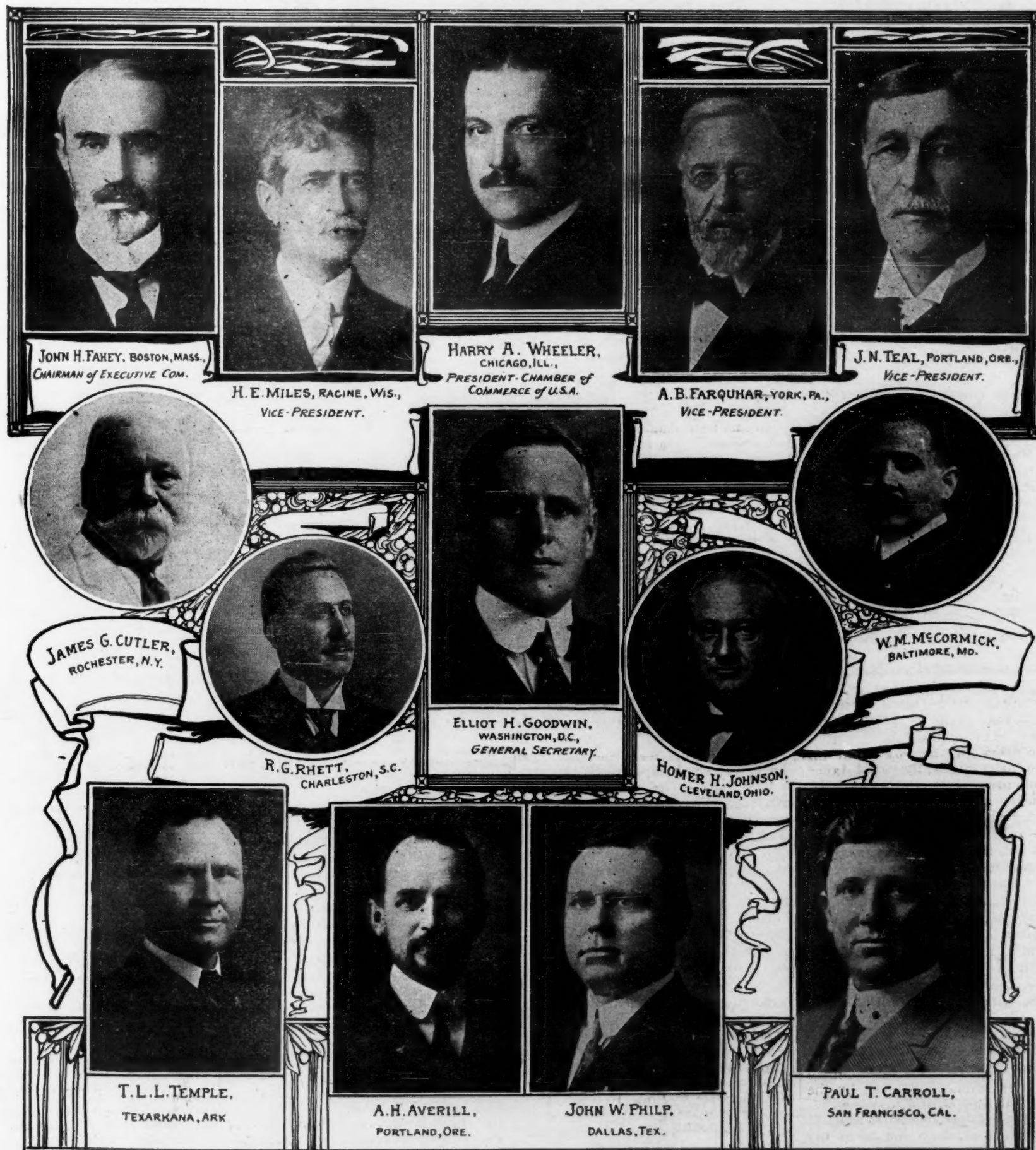
Alaska (Juneau) Alaska	\$ 0.744
Albamarle (Elizabeth City) N. C.	54.906
Alexandria, Va.	2.524
Apalachicola, Fla.	1.430
Aroostook (Houlton) Me.	.616
Astoria, Ore.	.823
Barnstable, Mass.	2.447
Beaufort, N. C.	1,179.800
Beaufort, S. C.	6.599
Belfast, Me.	.907
Brazos de Santiago (Brownsville) Texas	1.312
Bristol and Warren, R. I.	5.469
Brunswick, Ga.	.542
Burlington, Iowa	2.449
Burlington, N. J.	4.400
Cape Vincent, N. Y.	.436
Castine, Me.	9.645
Charleston, S. C.	.511
Chattanooga, Tenn.	.273
Cherrystone (Cape Charles City) Va.	10.522
Coos Bay, Ore.	28.925
Dunkirk, N. Y.	.272
Eastern (Crisfield) Md.	9.098
Edgartown, Mass.	3.531
Erie, Pa.	.276
Frenchmans Bay (Ellsworth) Me.	3.367
Georgetown, S. C.	174.667
Great Egg Harbor (Somers Point) N. J.	19.534
Humboldt (Eureka) Cal.	1.344

(Continued on page 9.)

The New Districts.

District	Headquarters	Number of minor Ports of Entry.
1. Maine & New Hampshire	Portland	26
2. Eastern Vermont	Newport	4
3. Western Vermont	Burlington	5
4. Massachusetts	Boston	11
5. Rhode Island	Providence	1
6. Connecticut	Bridgeport	9
7. St. Lawrence	Ogdensburg	14
8. Rochester	Rochester	6
9. Buffalo	Buffalo	4
10. New York	New York	5
11. Philadelphia	Philadelphia	6
12. Pittsburgh	Pittsburgh	1
13. Maryland	Baltimore	4
14. Virginia	Norfolk & Newport News	6
15. North Carolina	Wilmington	3
16. South Carolina	Charleston	2
17. Georgia	Savannah	3
18. Florida	Jacksonville	12
19. Mobile	Mobile	3
20. New Orleans	New Orleans	1
21. Sabine	Port Arthur	1
22. Galveston	Galveston	4
23. Laredo	Laredo	5
24. El Paso	El Paso	1
25. Eagle Pass	Eagle Pass	3
26. Arizona	Nogales	3
27. Southern California	Los Angeles	5
28. San Francisco	San Francisco	2
29. Oregon	Portland	3
30. Washington	Seattle	19
31. Alaska	Juneau	11
32. Hawaii	Honolulu	4
33. Montana & Idaho	Great Falls	5
34. Dakota	Pembina	14
35. Minnesota	Minneapolis & St. Paul	6
36. Duluth & Superior	Duluth	8
37. Wisconsin	Milwaukee	23
38. Michigan	Detroit	2
39. Chicago	Chicago	1
40. Indiana	Indianapolis	11
41. Ohio	Cleveland	1
42. Kentucky	Louisville	3
43. Tennessee	Memphis	2
44. Iowa	Des Moines	3
45. St. Louis	St. Louis	1
46. Omaha	Omaha	3
47. Colorado	Denver	1
48. Utah & Nevada	Salt Lake City	1
49. Porto Rico	San Juan	1

Group of Directors of the Chamber of Commerce of the United States of America who, between July 5 and July 27th are visiting Nebraska, Wyoming, Colorado, Utah, Nevada, Arizona, California, Washington, Montana, North Dakota, Minnesota. They held the regular bi-monthly meeting of the Board of Directors of the National Chamber in San Francisco, July 14th.



Summary of Directors' Meeting, San Francisco, July 14

Currency and Banking Referendum

The report of the Committee on Currency and Banking (see pages 4, 5, and 6) was given full consideration by the Directors. It was decided that as on all other questions of national policy, the features of the Currency Bill will be voted on by referendum of the constituent organizations of the National Chamber and the attitude of the Chamber of Commerce can only be declared after the principles involved in the measure have been submitted to all organizations and they have voted on the controlling features of the measure. In addition to the report of the Committee, the Directors considered various suggestions from constituent members. The Board voted to request the Committee on Currency and Banking to consider these suggestions preliminary to the submission of the whole question by referendum to the membership of the Chamber. The Board has made known to the Chairman of the Committee, its hope that the details for formal referendum may be promptly prepared.

President Wilson's Action Commended

The action of President Wilson in preventing a general overturn of the Consular Service by his decision to continue the merit system met with the cordial approval of the Board and the following resolution was adopted.

Resolved: That the Board of Directors of the Chamber of Commerce of the United States, view with great favor and heartily commend the recent action of the President of the United States in continuing the executive order heretofore in effect, making merit and service the basis of admission and promotion in the Consular Service of the United States.

Permanent Tariff Commission

The Directors gave careful consideration to the referendum of the National Chamber on the question of a Permanent Tariff Commission. They voted to empower President Wheeler to appoint a special committee which is to include members of the regular Committee on Tariff and Taxation. This special Committee is to take steps to bring the result of the Referendum to the attention of Congress and the government and also to request a conference on the subject with President Wilson, the Secretary of Commerce and Hon. Oscar W. Underwood, Chairman of the Ways and Means Committee of the House.

George W. Sheldon

While the Directors were in session, a telegram was received announcing the death of George W. Sheldon of Chicago, President of the National Business League and Supplemental

Member of the Permanent Committee of the International Congress of Chambers of Commerce, representing the United States. A resolution expressing the feeling of the Directors, and the loss which the business world has sustained through the death of Mr. Sheldon was passed.

International Questions

The Directors instructed the Executive Committee to take up with the Federal Government the several questions affecting international commercial relations in connection with which resolutions were passed at the International Congress of Chambers of Commerce in Boston last summer.

Committee Reports

A considerable volume of business affecting the preliminary reports received from the various committees of the National Chamber was disposed of. The enlargement of existing committees and the establishment of additional committees was discussed.

New Members Elected

The following organizations were elected to membership: American Electric Manufacturers' Association, New York; Industrial Club, Danville, Ill.; Chamber of Commerce, Paris, Ill.; Chamber of Commerce, Jersey City; Chamber of Commerce, Mt. Vernon, N. Y.; American Manufacturers' Association of Products from Corn, Clinton, Iowa; Board of Trade, Scranton, Pennsylvania; Chamber of Commerce, Hartford, Conn.; Commercial Club, Orange, Texas; Business Men's Association, Cohoes, N. Y.; Board of Trade, Peekskill, N. Y.; Commercial Club, Pueblo, Colorado; Board of Trade, Paris, Texas; Chamber of Commerce, Gainesville, Texas; North Side Board of Trade, N. Y.; Commercial Club, Dallas, Oregon.

The members of the Board of Directors present at the meeting held at the St. Francis Hotel yesterday were President Harry A. Wheeler, A. B. Farquhar, J. N. Teal, James G. Cutler, R. G. Rhett, W. M. McCormick, Homer H. Johnson, Paul T. Carroll, H. E. Miles, A. H. Averill, Charles Boettcher, John H. Fahey, John W. Philp, T. L. Temple.

The Directors adjourned their meeting late in the afternoon and will start today for Portland, Oregon.

ELLIOT H. GOODWIN,
General Secretary.

San Francisco, July 15.

Report on Western Trip

San Francisco, July 15. (Special Correspondence.) The Directors of the Chamber of Commerce of the United States of America left Chicago, July 5, and reached Omaha on schedule the Sunday morning, July 6th. They were honored by a special breakfast at the Commercial Club, which was the first event of the kind in the history of that organization. Subsequently, the Directors were taken in automobiles through Omaha and vicinity. At their special request a visit was paid to the district that was devastated late in March by tornadoes. The remarkable courage and recovery of the city from this disaster were the subjects of favorable comment by the whole party. At 3:50 in the afternoon of the 6th, followed by the good wishes of the commercial forces of Omaha, the Directors started on the first stage of their long trans-continental journey.

DRY-FARMING METHODS.

The party arrived at Cheyenne, Wyoming, on the morning of July 7. They were immediately taken in automobiles to the dry-farming district and the agricultural experiment station. The crop results secured under the dry-farming method opened the eyes of the visitors to the possibilities of scientific agriculture in the arid and semi-arid regions of the United States. At a luncheon given by the Commercial leaders of Cheyenne, Director R. G. Rhett of Charleston, S. C., was the speaker on behalf of the National Chamber. The membership of the Industrial Club in the Chamber of Commerce of the United States was promised.

DENVER VISITED.

During the afternoon, while en route for Denver, the Directors were joined by representatives of the Commercial Club of Greeley and the Retail Merchants' Association of Fort Lupton. The schedule called for arrival in Denver at 5:45 P. M. The train, however, was delayed but not enough to prevent a long automobile trip after arrival through the parks in and around the city, to the Country Club where a dinner was enjoyed with the members of the Denver Chamber of Commerce and delegates gathered from various Colorado cities. The speakers, on behalf of the National Chamber were in the order named: John H. Fahey, Elliot H. Goodwin, President Harry A. Wheeler. Several Denver speakers followed and there was a general discussion of the national questions of organization brought up by the visit of the Directors. On leaving Denver at eight

o'clock Tuesday, July 8th, A. W. Henderson, Secretary of the Chamber of Commerce of Colorado Springs, and J. M. Jenkins, Secretary of the Commerce Club of Pueblo, Colorado, accompanied the Directors. Only a short time was spent in Colorado Springs, but a number of the commercial leaders of the city were present at the depot.

MEMBERSHIP WIRED.

On arrival in Pueblo the Directors were escorted to a lunch at the Commercial Club. The speaker for the National Chamber was H. E. Miles of Racine, Wisconsin, Vice-President of the Chamber of Commerce of the United States.

An Executive Committee meeting of the Pueblo Commerce Club was held after the Directors had resumed their journey and an application for membership in the National Chamber was forwarded to the Directors by wire. At Pueblo the Directors were joined by Secretary Agnew of the Canon City Business Men's Association and he remained on the train until Canon City was reached.

LATE IN UTAH.

A wreck on the lines of the Denver and Rio Grande unfortunately delayed the train seven hours, thus changing all arrangements for entertainment in Salt Lake City. On the way to Salt Lake City, several delegates from Provo, Utah, boarded the train. The Directors reached Salt Lake City at ten o'clock in the evening and the party went at once to the Commercial Club and met there a few members and delegates from neighboring cities. The speech on behalf of the National Chamber was delivered by James G. Cutler of Rochester, New York.

The Directors were joined at Salt Lake City by Directors Paul T. Carroll of San Francisco and Charles Boettcher of Denver. The Directors left at midnight and all of the tenth was spent on the train. The temperature in the car was 110.

THE PACIFIC REACHED.

At Los Angeles on Friday, July 11, the Directors were met by the officers of the Chamber of Commerce. The party was increased by the arrival of Director A. H. Averill of Portland, Oregon. On Friday morning the Directors took a trip to the harbor to inspect the great work that has been done at San Pedro in creating the harbor and then went by launch as guests of the officers of the Chamber of Commerce to Long Beach. Membership in the National Chamber has been promised by that organization. The Jonathan Club of Los Angeles, entertained the Directors at lunch Friday afternoon and Saturday morning took them for a delightful automobile trip around the city. On Friday night the Chamber of Commerce of Los Angeles entertained the Directors at dinner. This was followed by a general informal smoker. The speakers for the National Chamber were Homer H. Johnson, John W. Philp, and President Harry A. Wheeler. The Directors left Los Angeles on Saturday night.

On Sunday morning the Directors were entertained at a barbecue breakfast at the home of William T. Session, President of the Chamber of Commerce of San Francisco. After the breakfast the Directors met with the officers of the Los Gatos Chamber of Commerce and then the entire party was taken by automobiles to the Big Trees and so on to San Francisco.

SAN FRANCISCO SPEECHES.

A great banquet was held last night, addressed by Ambassador Guthrie on his way to Japan from Pittsburgh, by

Special Committee

on the

Department of Commerce

A meeting of the Special Committee on the Department of Commerce was held at the Washington headquarters, on June 23.

General Secretary Goodwin acted as Secretary of the Committee. The Assistant Secretary and the Chief of the Editorial Division were also present. The entire Committee was in attendance except Walter H. Cottingham of Cleveland, Ohio, who is in England to study and report on the relation of the business men of that country to the Board of Trade.

The purpose of the Board of Directors in providing for the organization of the Committee on the Department of Commerce was to secure a thorough study of the organization and effectiveness of the Department of Commerce.

During the session of the Committee, attention was drawn to the primal importance of the establishment of policies for the guidance of the government in the promotion of (a) foreign commerce (b) domestic commerce. Attention was called to the lack of banking facilities and the lack of knowledge of export trade as the most important.

Discussion developed a consensus of opinion among members of the Committee in favor of the plan for commercial attaches as outlined by Secretary Redfield in the April issue of The Nation's Business, and the inauguration at the earliest practicable date; particularly with a view to securing full reports upon commercial opportunities in South America, provided such attaches be paid adequate salaries to secure the best trained men. The Committee was also in favor of the enlargement of the appropriation for investigations by commercial agents.

It was believed that the plan for having consuls, commercial attaches and commercial agents report the results of investigations by personal visits to trade organizations in the United States should be developed. The Committee strongly favored an increase in the edition of the Daily Consular and Trade Reports at present limited by law to 20,000.

In a conference with Secretary Redfield which lasted during the entire afternoon, informal and frank discussion of the needs of the Department took place. This discussion led the Committee to submit to the Directors of the Chamber a request that The Committee on Ocean Transportation report a definite policy for the promotion of the American Merchant Marine.

The Secretary of the Committee was instructed to interview Secretary Redfield further in regard to commercial attaches and to report to the sub-committee which would submit a report to the Committee at its next meeting.

It was agreed that the Secretary should advise all organization members of the Chamber of the formation of the Committee on the Department of Commerce and request that they submit recommendations for the consideration of the Committee in connection with the development of the Department of Commerce and the establishment of policies governing foreign and domestic commerce. The members of the Committee were requested to submit suggestions for its work to the Secretary who in turn should submit them to the other members of the Committee, and each member was requested to advise business interests in his locality of the work performed by the Chamber and the plans for work by this Committee.

The following were present:

John H. Fahey, Boston, Massachusetts.
Ira E. Bennett of Washington, representing the Chamber of Commerce of San Francisco.
C. Herbert DeFosse, Worcester, Massachusetts.
Philip B. Fouke, St. Louis, Missouri.
J. E. Oliver Fowlkes, Mobile, Alabama.
Charles C. Jenks, Detroit, Michigan.
Charles A. McCormick, New Brunswick, New Jersey.
Alfred H. Mulliken, Chicago, Illinois.
Lewis W. Parker, Greenville, South Carolina.
Calvin M. Smyth, Philadelphia, Pennsylvania.

Dr. Juichi Soyeda who has been on a peaceful mission to the commercial organizations of the United States, by Harry A. Wheeler, President of the Chamber of Commerce of the United States of America, and by A. L. Shapleigh, President of the Business Men's League of St. Louis. Mr. Shapleigh has been with the party on its entire trip.

Speaking of the trip as so far enjoyed, a most cordial reception has been tendered to the Directors everywhere. Great interest is shown in the plans and purposes of the Chamber of Commerce of the United States of America. In a number of the communities visited the scope of the Chamber's work was but slightly understood. Presentation of its scope and methods has in all cases aroused enthusiasm. Marked hospitality has been shown the Directors throughout the trip.

ELLIOT H. GOODWIN,
General Secretary.

Columbus, Ohio, Campaign

The Editor of THE NATION'S BUSINESS and J. Beek, Ass'n. of Commerce, St. Paul addressed a get-together banquet of the Chamber of Commerce of Columbus, Ohio, on the night of July 7. This banquet was related to the re-organization of the Chamber of Commerce, and the initiation of a campaign for membership. Notwithstanding the seemingly unfavorable season of the year for such line of effort, the editor found more than two hundred of the business men of Columbus enthusiastic over the task that was set before them and determined to succeed. The majority of those at the banquet pledged themselves to canvass the city in a thoroughly systematic way. The canvass was undertaken on the 8th, 9th and 10th and 11th, and continued this week. It will show between 1100 and 1200 members. As these members are pledged for three years each and on a twenty-five dollar basis, it will be seen that the Chamber of Commerce of Columbus is now equipped to carry on aggressive work for the city.

The most distinctive municipal effort which the editor observed in Columbus is the elaborate garbage disposal plant which has been worked out under designs and plans of a former student of Ohio State University. The garbage disposal is on such a businesslike basis that it pays for all costs of collection and of disposal.

New York Office

District Secretary Criswell has during the past month personally considered local problems in organization and explained the significance of the National Chamber in Bethlehem, Reading, Pottstown, Phoenixville, Norristown, Lancaster, Harrisburg, Carlisle, Chambersburg, Pa., and Hagerstown, Md., and had very pleasant and cordial receptions at each place.

Mr. Coles, Assistant Secretary of the New York Office visited during the month the commercial organizations in Peekskill, Cohoes, Albany and Troy, receiving a cordial reception on each occasion.

President Wheeler Honored

At the 55th Annual Commencement of Northwestern University, Evanston, Ill., June 11th, the degree of Doctor of Laws was conferred upon Mr. Wheeler, President of the National Chamber. Professor John A. Scott in making the presentation for the Honorary Degree used the following words:

"I have the honor to present to you for the degree of Doctor of Laws, Mr. Harry A. Wheeler, President of the Chamber of Commerce of the United States and a member of many Associations and Commissions effective in the development of laudable business methods and ideals, active in commerce and philanthropy, a scholar worthy of this academic honor."

Customs Reorganization.

(Continued from page 7.)

Jacksonville, Fla.	362
La Crosse, Wis.	12,925
Little Egg Harbor (Tuckerton) N. J.	428,000
Machias, Me.	6,448
Marblehead, Mass.	419
Michigan (Grand Haven) Mich.	1,435
Natchez, Miss.	148,051
New London, Conn.	1,513
Paducah, Ky.	6,089
Pamlico (Newbern) N. C.	6,430
Passamaquoddy (Eastport) Me.	708
Pearl River (Gulfport) Miss.	552
Pensacola, Fla.	498
Plymouth, Mass.	1,291
Portsmouth, N. H.	558
Rock Island, Ill.	7,945
Sabine (Port Arthur) Tex.	625
Saco, Me.	65,573
St. Augustine, Fla.	402
St. Marks (Cedar Keys) Fla.	953
St. Marys, Ga.	24,379
Salem and Beverly (Salem) Mass.	4,554
Sandusky, Ohio	793
Stonington, Conn.	314
Teche (Brashear) La.	15,275
Vicksburg, Miss.	40,541
Waldoboro, Me.	760
Wheeling, W. Va.	6,975
Wiscasset, Me.	5,660
York, Me.	201,960

Values in Scrap

The value of the "secondary metals," exclusive of gold, silver, platinum, iron, and aluminum, recovered in 1912 reached the enormous total of \$77,395,843, compared with \$52,585,390 in 1911, according to J. P. Dunlop, of the United States Geological Survey, an increase of nearly \$25,000,000.

"Secondary metals" are those recovered from scrap metal, sweepings, skimmings, drosses, etc., and are so called to distinguish them from the metals derived from ore, which are termed "primary metals." The United States Geological Survey's figures showing the recovery of secondary copper, lead, zinc, tin, and antimony are summarized in the table below:

Production of secondary metals in the United States in 1911 and 1912.

METAL.	1911	
	Short tons.	Value.
Secondary copper, including that in alloys other than brass.....	50,845	\$12,711,250
Remelted brass.....	80,370	16,814,400
Secondary lead.....	27,459	4,882,860
Recovered lead in alloys.....	26,895	
Secondary "pelter".....	44,714	5,464,800
Recovered zinc in alloys other than brass.....	3,223	
Secondary tin.....	7,749	12,353,040
Recovered tin in alloys.....	6,967	
Secondary antimony.....	10	350,040
Recovered antimony in alloy.....	2,359	
Total value.....		\$52,585,390

METAL.	1912	
	Short tons.	Value.
Secondary copper, including that in alloys other than brass.....	66,441	\$21,593,325
Remelted brass.....	101,523	27,279,516
Secondary lead.....	30,266	6,045,120
Recovered lead in alloys.....	36,902	
Secondary "pelter".....	62,251	7,750,494
Recovered zinc in alloys other than brass.....	3,912	
Secondary tin.....	8,338	14,801,368
Recovered tin in alloys.....	7,068	
Secondary antimony.....	13	426,020
Recovered antimony in alloy.....	2,493	
Total value.....		\$77,395,843

Turpentine and Rosin

The Census report of 1910 relative to the turpentine and rosin industry contains several tables indicating the important relation of this industry to the commerce of the nation. The total value of turpentine and rosin exported was in

1850	\$ 1,372,454
1860	3,734,527
1870	3,133,927
1880	4,500,334
1890	7,388,341
1900	12,397,112
1910	18,533,724

The states producing turpentine and rosin rank in the following order:

State	Value of Product
Florida	\$ 11,937,518
Georgia	6,938,957
Alabama	2,471,999
Mississippi	1,474,629
Louisiana	1,173,848
North Carolina	673,954
South Carolina	406,286
Texas	217,826

The Statistical Abstract

The Statistical Abstract of the United States covering the year 1912 has just been distributed. It is the 35th volume. It covers an extraordinary range of subjects and should be in every reference library.

An idea can be gained of its scope by the statement that eighty-five tables deal with area, natural resources and population, forty tables with agriculture, forestry and fisheries; thirty-one with manufacturing and mining industries and patents; twenty-four with occupations, labor, and wages; forty-three with internal communication and transportation; eighteen with merchant marine and shipping; twenty-five with foreign commerce; eight with commerce of noncontiguous territory; twenty with prices; eighteen with consumption estimates; twenty-two with money, banking and insurance; twenty-one with wealth, public finance and commercial failures; fourteen with civil service, army, navy, pensions, congressional apportionment, and presidential elections; one table is a statistical record of the progress of the United States and there are ten tables dealing with the commercial, financial, and monetary statistics of the principal countries of the world.

The total number of tables appearing in the volume is 380. To render these tables easily accessible, they appear first in numerical order under the different classifications indicated above. In addition there is a topical index referring to the pages in the volume where the information can be found.

Canning and Preserving

According to Census figures for 1909, there are 3,767 canning and preserving establishments in the United States, employing an average total of 59,968 wage earners and using 81,179 primary horse power. The capital employed in these canning establishments is \$119,207,127. The expenses in the year were \$141,486,156, and the value of the products \$157,101,201. The increase in establishments in ten years was 1197. The capital involved has doubled in the same period. The value of products has risen from \$99,000,000 to \$157,000,000, as shown above.

To indicate the extent to which canned products are now used, a list is here included of products, canned and preserved, the total value, the most productive state in each line, and the value of its output. All figures relate to the year 1909.

Products	Total Value	Leading State	State Value
Asparagus	\$ 1,975,775	California	\$ 1,794,346
Baked beans	3,417,568	Indiana	1,955,234
String beans	1,666,092	New York	839,135
Lima Beans	428,967	New Jersey	237,731
All other beans	500,471	Illinois	209,535
Beets	261,398	New York	114,381
Corn	10,332,136	Illinois	2,170,082
Peas	10,247,363	Wisconsin	3,410,628
Pumpkin	576,043	New York	150,974
Sweet Potatoes	531,651	Maryland	206,919
Spinach	294,414	Maryland	188,852
Squash	194,875	New York	49,455
Succotash	320,141	New York	174,119
Tomatoes	18,747,941	Maryland	7,674,960
Okra and Tomatoes	89,537	Maryland	53,572
All other vegetables	1,984,542	Indiana	974,134

Products	Total Value	Leading State	State Value
Apples	\$ 1,898,720	New York	\$ 753,231
Apricots	1,825,311	California	1,819,558
Blackberries	339,005	California	117,849
Blueberries	122,001	Maine	105,434
Cherries	1,019,013	California	491,575
Figs	49,970	Louisiana	23,733
Gooseberries	123,675	Maryland	77,987
Peaches	3,753,698	California	3,013,203
Pears	1,833,214	California	1,316,022
Pineapples	313,647	Maryland	252,384
Plums	346,953	California	230,384
Raspberries	641,899	New York	445,421
Strawberries	528,347	Maryland	228,860
All other fruits	143,021	California	66,879

Products	Total Value	Leading State	State Value
Apples	\$ 3,098,095	New York	\$ 2,333,137
Apricots	2,277,177	California	2,277,177
Peaches	2,423,083	California	2,422,043
Prunes	5,130,412	California	4,394,922
Raisins	4,837,933	California	4,837,933
Raspberries	22,018	New York	13,338
All other dried fruits	2,051,677	California	1,721,468

Products	Total Value	Leading State	State Value
Salmon	\$ 8,723,565	Washington	\$ 7,354,569
Sardines	4,931,831	Maine	4,609,224
Oysters	2,443,101	Maryland	761,198
All other canned fish	1,474,814	Mississippi	433,693

Products	Total Value	Leading State	State Value
Finnan Haddie	\$ 304,620	Massachusetts	\$ 150,039
Herring	931,611	Massachusetts	457,485
Salmon	950,540	New York	486,910
All other smoked fish	713,646	New York	255,707

Products	Total Value	Leading State	State Value
Cod	\$ 3,248,669	Massachusetts	\$ 2,542,873
Haddock	148,191	Massachusetts	117,867
Herring	461,287	Maryland	136,653
Mackerel	740,513	Massachusetts	729,828
All other salted fish	2,575,901	Oregon	731,600

The Timber Stand

The Bureau of Corporations estimates the total stand of merchantable saw timber in the United States, as follows:

In the investigation areas	1,747,000,000,000 feet
National Forests	539,000,000,000 feet
Other Government land, Indian reservations, State, etc.	90,000,000,000 feet
Other Timber	450,000,000,000 feet

Total in U. S. 2,826,000,000,000 feet

The bureau made the estimate for the investigation areas; and the forest service supplied figures for the rest of the country.

These figures should be accepted as the best estimate that has been made up to the present time; but it is only an estimate and should be considered as such. Taking the Bureau of Corporation's figures for the country's total stand of merchantable timber, 2,826,000,000,000 feet, and dividing it by the latest yearly lumber output, 40,018,282,000 feet, it is shown that the country's forests contain enough timber to supply sawmills at the present rate of cutting, for approximately seventy years—Hardwood Record.

The Leading States

The various states where canning is carried on extensively, together with the value, rank as follows:

California	\$32,914,829
New York	19,039,735
Maryland	13,709,449
Washington	9,595,387
Pennsylvania	9,484,026
Indiana	8,758,343
Maine	7,688,833
Illinois	7,619,586
Massachusetts	6,840,306
Michigan	4,970,911
Wisconsin	4,807,454
Ohio	4,659,674
New Jersey	3,664,098
Oregon	3,207,060
Iowa	2,549,377
Delaware	2,105,945
Kentucky	1,856,895
Virginia	1,854,318
Missouri	1,573,835
Colorado	1,527,779
Minnesota	1,343,021
Utah	1,059,487

Canned Vegetables.

Products	Total Value	Leading State	State Value
Asparagus	\$ 1,975,775	California	\$ 1,794,346
Baked beans	3,417,568	Indiana	1,955,234
String beans	1,666,092	New York	839,135
Lima Beans	428,967	New Jersey	237,731
All other beans	500,471	Illinois	209,535
Beets	261,398	New York	114,381
Corn	10,332,136	Illinois	2,170,082
Peas	10,247,363	Wisconsin	3,410,628
Pumpkin	576,043	New York	150,974
Sweet Potatoes	531,651	Maryland	206,919
Spinach	294,414	Maryland	188,852
Squash	194,875	New York	49,455
Succotash	320,141	New York	174,119
Tomatoes	18,747,941	Maryland	7,674,960
Okra and Tomatoes	89,537	Maryland	53,572
All other vegetables	1,984,542	Indiana	974,134

Canned Fruits.

Products	Total Value	Leading State	State Value
Apples	\$ 1,898,720	New York	\$ 753,231
Apricots	1,825,311	California	1,819,558
Blackberries	339,005	California	117,849
Blueberries	122,001	Maine	105,434
Cherries	1,019,013	California	491,575
Figs	49,970	Louisiana	23,733
Gooseberries	123,675	Maryland	77,987
Peaches	3,753,698	California	3,013,203
Pears	1,833,214	California	1,316,022
Pineapples	313,647	Maryland	252,384
Plums	346,953	California	230,384
Raspberries	641,899	New York	445,421
Strawberries	528,347	Maryland	228,860
All other fruits	143,021	California	66,879

Dried Fruits.

Products	Total Value	Leading State	State Value
Apples	\$ 3,098,095	New York	\$ 2,333,137
Apricots	2,277,177	California	2,277,177
Peaches	2,423,083	California	2,422,043
Prunes	5,130,412	California	4,394,922
Raisins	4,837,933	California	4,837,933
Raspberries	22,018	New York	13,338
All other dried fruits	2,051,677	California	1,721,468

Canned Fish and Oysters.

Products	Total Value	Leading State	State Value
Salmon	\$ 8,723,565	Washington	\$ 7,354,569
Sardines	4,931,831	Maine	4,609,224
Oysters	2,443,101	Maryland	761,198
All other canned fish	1,474,814	Mississippi	433,693

Smoked Fish.

Products	Total Value	Leading State	State Value
Finnan Haddie	\$ 304,620	Massachusetts	\$ 150,039
Herring	931,611	Massachusetts	457,485
Salmon	950,540	New York	486,910
All other smoked fish	713,646	New York	255,707

Salted Fish.

Products	Total Value	Leading State	State Value
Cod	\$ 3,248,669	Massachusetts	\$ 2,542,873
Haddock	148,191	Massachusetts	117,867
Herring	461,287	Maryland	136,653
Mackerel	740,513	Massachusetts	729,828
All other salted fish	2,575,901	Oregon	731,600

Wire Nails in 1912

The Bureau of Statistics of the American Iron and Steel Institute makes the following report on the production of wire nails in 1912. The output amounted to 14,659,700 kegs of 100 pounds, as compared with 13,437,778 kegs, in 1911, an increase of 1,221,922 kegs, or nearly 9.1 per cent. Steel wire nails only were made in both years. The following table gives the output by States from 1909 to 1912 in kegs of 100 pounds.

States—	1909	1910
Mass., R. I. & Conn.	195,298	175,730
N. Y., N. J. & Pa.	6,113,353	5,457,070
Ky., Ga., Ala. & Ohio.	3,470,001	3,503,433
Indiana and Illinois.	3,449,106	2,906,274
Wis., Colo. and Cal.	688,295	662,366
Total	13,916,053	12,704,902

States—	1911	1912
Mass., R. I. & Conn.	107,740	112,870
N. Y., N. J. & Pa.	6,485,729	7,389,861
Ky., Ga., Ala. & Ohio.	3,628,584	3,853,667
Indiana and Illinois.	2,637,000	2,670,166
Wis., Colo. and Cal.	578,725	633,136
Total	13,437,778	14,659,700

Iron Ore Totals

The Minnesota iron ranges are producing at present considerably more iron ore than is produced in all the rest of the States together, having furnished nearly 62.5 per cent of the total for the United States in 1912. The whole Lake Superior district, comprising all the mines in Minnesota and Michigan and part of those in Wisconsin, mined 46,368,878 tons in 1912, or nearly 84.08 per cent of the total.

Iron ore mined in the United States, by States, in 1911 and 1912, in long tons.

State.	1911	1912
Alabama	3,827,791	4,563,603
California	(a)	2,508
Georgia	203,889	134,637
Kentucky	(a)	27,373
Maryland	(a)	3,200
Michigan	10,329,039	11,191,430
Minnesota	24,645,105	34,431,768
Missouri	65,325	43,480
New Jersey	466,234	364,673
New York	1,061,279	1,216,672
North Carolina	(a)	68,322
Ohio	15,797	10,346
Pennsylvania	537,506	517,081
Tennessee	463,835	416,885
Texas	(a)	3,000
Utah	39,903	7,280
Virginia	614,023	446,305
West Virginia	(a)	5,061
Wisconsin	698,660	860,600
Other States b	908,256	835,923
Total	43,876,552	55,150,147
Percentage increase, 1912		25.69

a Included in "Other States."
b Including, in 1912, Colorado, Connecticut, Idaho, Massachusetts, Montana, Nevada, New Mexico, and Wyoming; in 1911, California, Colorado, Connecticut, Idaho, Kentucky, Maryland, Massachusetts, Mississippi, Montana, Nevada, New Mexico, North Carolina, West Virginia, and Wyoming.

Carriages and Wagons

The number of establishments manufacturing carriages and wagons has greatly declined in the last ten years. In 1897 there were 6,792; in 1909, 5,492. Concurrently with this decline in establishments has come a rapid increase in capital, rising from \$128,961,660 in 1899, to \$174,473,728 in 1909. The value of products has risen from about \$138,000,000 to nearly \$160,000,000, yet there are fewer vehicles manufactured. Family and pleasure carriages have declined in number. Wagons have sharply advanced in value and only slightly advanced in number. 1909 showed an increase of only three per cent over 1899

MISSISSIPPI FLOODS

Levees and Their Effectiveness

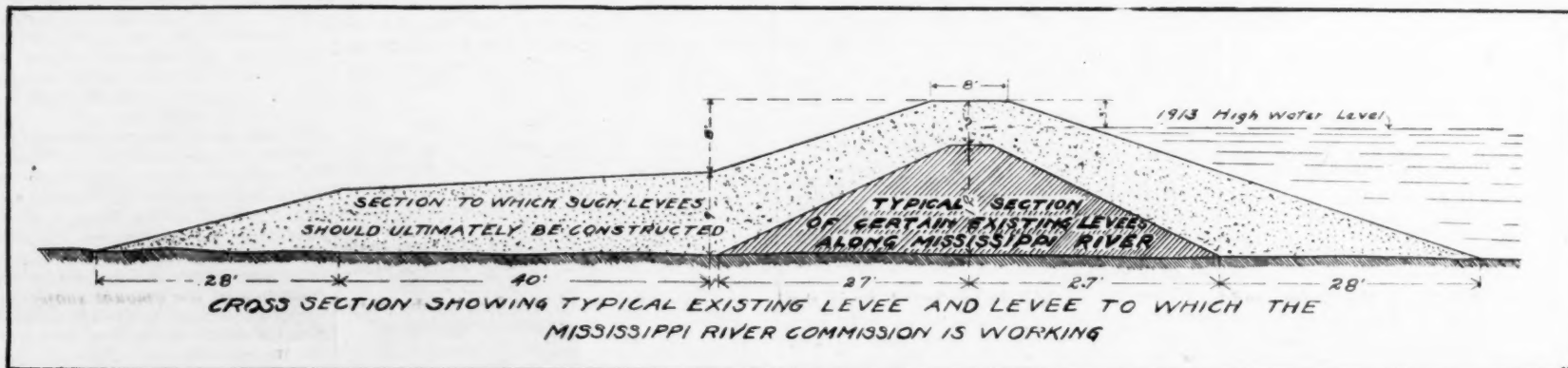
BY

A. S. CALDWELL,

President, Mississippi River Levee Association

THE SKETCH accompanying this article, shows a cross-section of a present typical Mississippi River Levee (shaded black) and of a properly constructed levee (dotted) as proposed by the United States Mississippi River Commission. The latter contains twice as much earth as the former and is twice as strong. The United States Mississippi River Commission estimates that these larger levees can be constructed from Cairo to the Gulf, at a cost of \$58,000,000 and will afford complete protection against future overflows.

The Mississippi River Levee Association favors the Humphreys-Ransdell bill. It provides for the appropriation of \$60,000,000 over five years for the Mississippi River from Cairo to the Gulf on condition that \$15,000,000 is contributed by the adjoining states for levees. \$15,000,000 of Government funds is allotted to bank revetment for maintaining and improving navigation, and \$45,000,000 to levees for flood protection. The nation having already expended \$27,000,000 on levees, it will, if the appropriation of \$45,000,000 is made, have contributed \$72,000,000 for flood protection against \$75,000,000 by the States, viz: \$60,000,000 already spent and \$15,000,000 required by this bill. An equal division of the cost of this great work between the Government and the States is all that fairness should require.



Levees Favored

It is the opinion of all civilian and United States engineers who have studied the subject, that a properly constructed levee system is the only feasible and economical method of preventing floods in the lower Mississippi River. This is also the opinion of the Mississippi River Commission which has had special charge of this part of the river for over thirty years.

The Government Commission of 1860 reported: "The plan of levees which has always recommended itself by its simplicity, can be relied upon for protecting all of the alluvial bottom lands liable to inundation below Cape Girardeau." Another United States Commission in 1875 so decided.

The Senate Committee of Commerce in 1898 declared: "From all the evidence taken by your committee, it is evident that the basins along the Mississippi River can only be protected from floods by an ample and complete system of levees from Cairo to the Head of the Passes."

Col. C. McC. Townsend, one of the ablest engineers in this country, was stationed in Memphis for over six years in charge of this section of the River; he also spent many years on other sections of the river and has investigated the levee systems of foreign countries. In his Memphis speech he said: "Levees have been tested for ages and have proved uniformly successful when built to adequate dimensions—no other method of relief from floods has been successfully applied to large streams."

The levees along the Rhine, the Danube, the Po and the Arno—all alluvial streams like the Mississippi—have prevented overflows for hundreds of years. So have the levees of Holland. We do not need to go to Europe for proof of levee efficiency.

The levees of the Upper Mississippi District—100 miles long—were built higher and stronger than any others along the river and have not broken. Even these are not what they should be, but they held the un-

precedented waters of 1912 and 1913.

In the 1355 miles of levees on both sides of the river in the states of Arkansas, Tennessee, Mississippi and Louisiana, there were in 1913, only seven crevasses, measuring about five miles in length. This should prove the present levees to be of great value, and that levees twice as strong will be efficient.

Reservoirs Opposed

Among engineers there seems to be unanimity in protesting against the construction of flood-water reservoirs in the Mississippi Valley.

In his speech of April 11, 1913, before the National Drainage Congress in St. Louis, Col. C. McC. Townsend said: "To have retained the Mississippi Flood of 1912 within its banks would have required a reservoir in the vicinity of Cairo, Ill. having an area of 7,000 square miles, slightly less than the State of New Jersey, and a depth of about 15 feet; the quantity of material to be excavated in its construction would be over 100 billion cubic yards and its estimated cost from 50 to 100 billions of dollars. Such a volume of earth would build a levee line 7,000 miles long and over 150 ft. high."

The United States Senate Commerce Committee in 1898 reported: "The cost of constructing and maintaining a system of reservoirs would be enormous and far greater than the cost of leveeing the entire river basin. This scheme is regarded by engineers as wholly impracticable. Your Committee can discover no just or adequate relief in reservoirs."

The protection of the alluvial lands of the Lower Mississippi River from overflow and the addition of this vast territory to the productive area of the United States, is now generally conceded to be a national duty. The three great political parties embodied resolutions to this effect in their 1912 platforms, and their candidates so declared.

Merchant Marine Figures.

The Merchant Marine of the United States on June 30, 1912 was represented in foreign employment by 692 steam vessels of 116,053 gross tons.

By the "Lloyd's Register Book," of 1913, South and Central American countries have a merchant marine of 875 steam vessels of 762,281 gross tons. The figures by countries are as follows:

	Vessels	Tonnage
Argentina	228	171,631
Brazil	379	290,887
Chile	98	108,834
Cuba	60	62,236
Haiti	5	3,387
Mexico	41	36,813
Peru	19	15,346
Uruguay	46	58,915
Venezuela	8	4,232
Total	875	762,281

Flood Legislation

in the

Sixty-Third Congress

As throwing a side light on the statements of A. S. Caldwell, President of the Mississippi River Levee Association, there is here included the title and a summary of all legislation proposed in the Sixty-Third Congress and affecting the question of Mississippi floods.

S. 2: Mr. RANDELL of La.: H. R. 1749 Mr. HUMPHREYS of Miss.: To prevent floods on the Mississippi River and improve navigation thereon.

Contemplates expenditure of \$48,000,000, by Mississippi River Commission for a nine-foot channel and protection of banks along the Mississippi River from the Head of the Passes to the mouth of the Ohio, over a period of 4 years and appropriating \$12,000,000 for the first year. \$9,000,000 are to be spent each year on levees and balance on revetments, etc. Federal appropriation would not be available for any levees until local interests undertake to contribute sum equal to one-third of the allotment from federal appropriation. Status: Introduced and referred to H. Com. on Rivers and Harbors, 4-7-13.

H. R. 1955: Mr. BARTHOLOMEW of Mo.: To create a board of River Regulation and to provide a fund, for the regulation and control of the flow of navigable rivers in aid of interstate commerce, and as a means to that end to provide for flood prevention and protection and for the beneficial use of flood waters and for water storage and and for the protection of watersheds from denudation and erosion and from forest fires and for the co-operation of Government services and bureaus with each other and with States, municipalities, and other local agencies.

Would appropriate \$50,000,000 annually for 10 years, to be expended by appropriate bureaus in effecting plans determined upon by a Board of River Regulation, to be composed of the Chief Engineer of the United States Army, the Chairman of the Mississippi River Commission, the Director of the Reclamation Service, the Chief of the Bureau of Plant Industry, the Secretary of the Smithsonian Institution, and a civil engineer, a sanitary engineer, and a hydroelectric engineer appointed by the President. Status: Introduced and referred to H. Com. on Rivers and Harbors, 4-8-13.

H. R. 6374: Mr. BARTHOLOMEW of Mo.: Differs from H. R. 1955 in carrying \$60,000,000 instead of \$50,000,000; increases appropriation for Bureau of Plant Industry from \$2,000,000 to \$6,000,000 and for levees, revetments, etc., expendable by United States Engineers from \$24,000,000 to \$30,000,000.

Adds extra section providing for annual appropriations aggregating \$55,000,000 for a period of ten years to be spent as follows: On Mississippi from St. Louis to Gulf, including Atchafalaya River, \$10,000,000; on Missouri and other rivers flowing into Mississippi from west below its confluence with latter river, \$10,000,000; on rivers above St. Louis and drainage into Great Lakes or Canada, \$5,000,000; the Ohio River drainage system, \$10,000,000; on rivers flowing into the Gulf or Atlantic ocean, \$5,000,000; Sacramento and San Joaquin systems, \$5,000,000; Columbia and Snake Rivers, \$5,000,000; Colorado River, \$5,000,000. Would allow issue of bonds to meet any deficiency in appropriation (3 per cent—30 year).

H. R. 2462: Mr. DYER of Mo.: Appropriating \$30,000,000, for the purpose of maintaining, raising and protecting against future floods the levees on the Mississippi River.

Money would be expended under direction of Secretary of War and in accordance with plans of Mississippi River Commission. Status: Introduced and referred to H. Com. on Rivers and Harbors, 4-14-13.

H. R. 4231: Mr. HILL of Ill.: To make appropriation for the strengthening and construction of levees along the Ohio and Mississippi Rivers in the vicinity of Cairo and in Alexander and Pulaski Counties, Illinois.

Would appropriate \$500,000 for the repair and maintenance of drainage districts, levees, etc., about Cairo, Ill., and \$100,000 for maintenance and repair of levees along the Ohio at Mound City, Ill. Status: Introduced and referred to H. Com. on Rivers and Harbors, 4-24-13.

H. R. 4296: Mr. DYER of Mo.: Providing for the creation of a commission to be known as the Mississippi Spillway Belt Commission, defining its power and duties, and making an appropriation for its expenses.

Appropriates \$250,000 for a Commission of five persons to be appointed by the President to investigate and report on means of affording relief from floods by widening and improving the Mississippi delta. Commission would also report on means of affording relief by levees or otherwise, of sections of Mississippi at Cairo, Ill., Red River Junction, and utilization of Panama Canal organization for such purpose. Status: Introduced and referred to H. Com. on Rivers and Harbors, 4-25-13.

S. J. Res. 25: Mr. STERLING of S. Dak.: Providing for the appointment of a national commission to make investigation and report as to the means and improvements practicable and necessary for the prevention of loss by the overflow of navigable inland waterways.

Would appoint a commission of 7 members, 4 to be engineers, named by the President, to investigate means for preventing floods and loss of life, by the storage of waters, straightening channels, strengthening levees, etc. Status: Introduced and referred to S. Com. on Commerce, 4-21-13.

New Japanese Lines

In addition to the extensions planned by the Nippon Yusen Kaisha and the Toyo Kisen Kaisha in their trans-Pacific services it is announced that another large Japanese concern is preparing for further trade between the Orient and the Pacific coast.

Beginning with September 1, it is reported, by the Honolulu News Bulletin, that Suzuki & Co. will further enlarge their services by placing five steamers flying the Nipponese flag on the regular route between Japan and the North Pacific. It is announced that the vessels will be the *Naukai Maru*, *Shinsei Maru*, *Fukoku Maru*, and two others recently purchased by the company.

Each of the steamers has cargo capaci-

ties of between 6,000 and 8,000 tons. Coming this way they will bring general cargo; returning to the Orient they will carry flour and wheat, loaded principally on the Columbia River. Suzuki & Co. operate flour mills in Japan. The mills are located at Moji and are the largest in the Orient, turning out about 3,000 barrels of flour per day when running to capacity.

The wheat taken from this side of the Pacific will be used for keeping the plant in operation. In addition to the wheat, the company will purchase flour to supply its Oriental Trade. Next to cotton, the principal export from this and other North Pacific ports is flour, for which there is said to be an increasing demand in the Far East.

Status of Income Tax and Administrative Features of the Tariff Bill Subsequent to Amendments by the Senate Democratic Caucus

Section II Amended

Paragraph A, sub-division 1. The House Bill provides for an income tax to be paid annually upon the entire net income from all sources in the preceding calendar year. This income tax is to be levied on every citizen of the United States, whether residing at home or abroad and on every person residing in the United States though not a citizen. The proposed tax is one per cent per annum on incomes of four thousand dollars and over. The Senate Democratic Caucus struck out from this sub-section the words "over and above four thousand dollars" and provided later in the Bill an exemption of three thousand dollars and over.

THE GRADUATED TAX.

Sub-division 2. The House Bill provides a scale of increasing income tax for those whose incomes are twenty thousand dollars and over. This additional income tax is to be one per cent per annum on all the total net income which exceeds twenty thousand dollars, and does not exceed fifty thousand dollars, two per cent per annum on fifty thousand dollars to a hundred thousand dollars and three per cent per annum on all net incomes exceeding one hundred thousand dollars. The House Bill required that every person subject to this additional tax should make a personal return of his entire income from all sources, corporate and otherwise.

The Senate Democratic Caucus adds twelve lines to this sub-division, stating that the personal return is to be made under rules and regulations to be prescribed by the Commissioner of Internal Revenue, and approved by the Secretary of the Treasury. The closing lines of the Democratic Caucus amendment are important as defining the method of ascertaining great incomes in full.

"For the purpose of this additional tax, taxable income shall embrace the share of any taxable individual of the gains and profits of all companies, whether incorporated or partnership, who would be entitled to the same, if divided or distributed, whether divided or distributed or otherwise, and any such company, when requested by the Commissioner of Internal Revenue or any district collector of internal revenue, shall forward to him a correct statement of such profits and the names of the individuals who would be entitled to the same if distributed."

DEFINING TAXABLE INCOMES.

Paragraph B. This division defines what is the net income of a taxable person and as this must of necessity be the main feature of any income tax measure, it is here printed in full, the words in italics representing changes made by the Senate Democratic Caucus. "The net income of a taxable person shall include gains, profits, and income derived from salaries, wages, or compensation for personal service of whatever kind and in whatever form paid, or from professions, vocations, businesses, trade, commerce, or sales or dealings in property, whether real or personal, growing out of the ownership or use of or interest in real or personal property, also from interest, rent, dividends, securities, or the transaction of any lawful business carried on for gain or profit, or gains or profits and income derived from any source whatever, including the income from but not the value of property acquired by gift, bequest, devise, or descent: *Provided*, That the proceeds of life insurance policies paid upon the death of the person insured or payments made by or credited to the insured, on life insurance, endowment, or annuity contracts, upon the return thereof to the insured at the maturity of the term mentioned in the contract, or upon surrender of the contract, shall not be included as income."

DEFINING DEDUCTIONS.

Thirty-seven lines of this Paragraph which in the wisdom of the House defined the deductions that could and should be made in computing net incomes, were stricken out by the Senate Democratic Caucus and the following substituted.

"That in computing net income for the purpose of the normal tax there shall be allowed as deductions: First, the necessary expenses actually paid in carrying on any business, not including personal, living, or family expenses; second, all interest paid within the year by a taxable person on indebtedness; third, all national, State, county, school, and municipal taxes paid within the year, not including those assessed against local benefits; fourth, losses actually sustained during the year, incurred in trade or arising from fires, storms, or shipwreck, and not compensated for by insurance or otherwise; fifth, debts due to the taxpayer actually ascertained to be worth-

*less and charged off within the year; sixth, a reasonable allowance for the exhaustion, wear and tear of property arising out of its use or employment in the business: *Provided*, That no deduction shall be allowed for any amount paid out for new buildings, permanent improvements, or betterments, made to increase the value of any property or estate; seventh, the amount received as dividends upon the stock or from the net earnings of any corporation, joint stock company, association, or insurance company which is taxable upon its net income as hereinafter provided; eighth, the amount of income, the tax upon which has been paid or withheld for payment at the source, under the provisions of this section, provided that whenever the tax upon the income of a person is required to be withheld and paid at the source as hereinafter required, if such annual income does not exceed the sum of \$3,000 or is not fixed or certain, or is indefinite, or irregular as to amount or time of accrual, the same shall not be deducted in the personal return of such person."*

SOME SPECIAL EXEMPTIONS.

Paragraph C of the House Bill becomes part of Paragraph B by action of the Senate Democratic Caucus and refers to the exclusion of interest, in computing net income, upon the obligations of a state or political sub-division thereof.

This Paragraph also frees from the income tax the compensation of the "present President of the United States during the term for which he has been elected, and of the judges of the supreme and inferior courts of the United States now in office and the compensation of all officers and employees of a State or any political sub-division thereof."

Paragraph B in the House Bill has entirely disappeared in the Senate Democratic Caucus. This paragraph defines how and under what circumstances the deduction of four thousand dollars should be made and read as follows:

*"That there shall be deducted from the amount of the net income of each of such persons, ascertained as provided herein, the sum of \$4,000: *Provided*, That only one deduction of \$4,000 shall be made from the aggregate income of all the members of any family composed of one or both parents and one or more minor children, or husband and wife, but if the wife is living permanently apart from her husband she may be taxed independently; but guardians shall be allowed to make deduction in favor of each and every ward, except that in case where two or more wards are comprised in one family and have joint property interests the aggregate deduction in their favor shall not exceed \$4,000."*

FAMILY EXEMPTIONS.

In place of paragraph D the Senate Democratic Caucus substitutes Paragraph C, which defines the exemptions that in its wisdom should be made relative to a wife and children. This paragraph also sets the limit of exemption at three thousand dollars with further exemptions as indicated in the exact wording of the division printed below.

*"That there shall be deducted from the amount of the net income of each of said persons, ascertained as provided herein, the sum of \$3,000, plus \$1,000 additional if the person making the return be a married man with a wife, living with and dependent upon him and being herself not taxable under the income tax law, or plus the sum of \$1,000 additional if the person making the return be a married woman with a husband living with and dependent upon her and being herself not taxable under the income tax law; but in no event shall this additional exemption of \$1,000 be deducted by both a husband and a wife. If the person making the return shall be a married man or a married woman there shall be an additional exemption of \$500 for each minor child living with and dependent upon the taxable parent: *Provided*, That the additional exemption or exemptions for children shall operate only in the case of one parent in the same family, and that the total exemption on account of children shall apply to a widow or a widower with a minor or dependent child or children: *Provided further*, That where both parents are taxable under this Act because of having more than \$3,000 of net income each the exemption on account of the children hereinafter provided for shall not apply to either."*

TIME FOR COMPUTING TAX.

Paragraph D of the Bill as it has come from the Senate Democratic Caucus provides for the time of computing the net income of taxable persons as follows: *The said tax shall be computed upon the remainder of said net income of such person subject thereto for the year ending December thirty-first, nine-*

teen hundred and thirteen, and for each calendar year thereafter; and on or before the first day of March, nineteen hundred and fourteen, and the first day of March in each year thereafter.

The balance of the Paragraph deals with the method of making the report and those who are charged with the responsibility of making reports. The amendments of the Senate Democratic Caucus in this Division amplify the rules laid down for making returns under oath or affirmation. With one additional change of far-reaching importance as affecting persons carrying on business in partnership, this amendment is here printed in full.

PARTNERSHIP TAX.

*"That any persons carrying on business in partnership shall be liable for income tax only in their individual capacity, and the share of the profits of a partnership to which any taxable partner would be entitled if the same were divided, whether divided or otherwise, shall be returned for taxation and the tax paid, under the provisions of this section, and any such firm, when requested by the Commissioner of Internal Revenue, or any district collector, shall forward to him a correct statement of such profits and the names of the individuals who would be entitled to the same, if distributed: *Provided further*, That persons only liable for the normal income tax, on their own account or in behalf of another, shall not be required to make return of the income derived from dividends on the capital stock or from the net earnings of corporations, joint-stock companies or associations, and insurance companies taxable upon their net income as hereinafter provided: Any person for whom return has been made and the tax paid, or to be paid as aforesaid, shall not be required to make a return unless such person has other net income, but only one deduction of \$3,000 shall be made in the case of any such person. The collector or deputy collector shall require every list to be verified by the oath or affirmation of the party rendering it."*

SUSPECTED RETURNS.

The same Paragraph provides the method of action where the collector or deputy collector is of opinion that the returns made for the purpose of income taxation are understated. The phrasing of the House Bill in this direction was changed by the Senate Democratic Caucus to read as follows. The Senate words are in italics and the House words in Roman.

"If the collector or deputy collector have reason to believe that the amount of any income returned is understated, he shall give due notice to the person making the return to show cause why the amount of the return should not be increased, and upon proof of the amount understated may increase the same accordingly. If dissatisfied with the decision of the collector, such person may submit the case, with all the papers, to the Commissioner of Internal Revenue for his decision, and may furnish sworn testimony of witnesses to prove any relevant facts."

PENALTY FOR FRAUDS.

Paragraph E provides that "assessments shall be made by the Commissioner of Internal Revenue; that persons shall be notified of the amounts for which they are respectively liable on or before the first day of June of each year, and said assessments shall be paid on or before the 30th day of June," with exceptions covering cases of refusal or neglect. This Paragraph also provides that in cases of false or fraudulent returns, discovered at any time within three years, there shall be added the sum of 5 per centum on the amount of tax unpaid, and interest at the rate of 1 per centum per month upon said tax from the time the same became due, except from the estates of insane, deceased, or insolvent persons.

TAXATION AT SOURCE.

This Paragraph also includes a full statement of the method whereby those whose incomes have been taxed at the source shall arrange for a statement of deductions. This calls for returns from "persons, firms, copartnerships, companies, corporations, joint-stock companies or associations, and insurance companies, in whatever capacity acting, including mortgagees of real or personal property, trustees acting in any trust capacity, executors, administrators, agents, receivers, conservators, employers, and all officers and employees of the United States having the control, receipt, custody, disposal, or payment of interest, rent, salaries, wages, premiums, annuities, compensation, remuneration, emoluments, or other fixed or determinable annual gains, profits,

and income of another person, exceeding \$3,000 for any taxable year, other than dividends on capital stock, or from the net earnings of corporations and joint-stock companies or associations subject to like tax, who are required to make and render a return in behalf of another, as provided herein, to the collector of his, her, or its district, are hereby authorized and required to deduct and withhold from such annual gains, profits, and income such sum as will be sufficient to pay the normal tax imposed thereon by this section, and shall pay to the officer of the United States Government authorized to receive the same; and they are each hereby made personally liable for such tax."

LANDLORDS AND TENANTS.

In the same paragraph the Senate Democratic Caucus has stricken out 21 lines and substituted the following relative to landlords, tenants, and other business relationships:

"Provided, That landlords are to make their own returns and tenants are exempt from the provisions of the foregoing requirement except when, in the case of individuals, trustees, and other noncorporate owners, the terms of the lease require the tenant to pay State and municipal taxes and assessments against the property, the cost of maintenance, repairs and insurance, in which case tenants are authorized and required to deduct the tax out of the gross rental in the manner above prescribed. Where the owner is a corporation the tenant shall not be required in any case to deduct the tax upon the gross rental, the corporation itself being required to make the return and the statement of the deduction."

If the person receiving such payment of more than \$3,000 per annum is also entitled to deductions under the sectioned paragraph of subsection B which reduce his aggregate income so as to entitle him to exemption from the normal income tax, or reduction of the amount subject to the tax, he may receive the benefit of such exemption, or reduction, either by filing with the person required to withhold the tax and pay it to the Government, not less than thirty days prior to the day on which the return of his income is due, an affidavit claiming the benefit of such exemption, and a true and correct statement of his annual income from all other sources, and of the deductions claimed, which affidavit and statement shall become a part of the return to be made in his behalf by the person required to withhold and pay the tax, or by making the application for the exemption to the collector of the district in which return is made or to be made for him, and proving to the satisfaction of the collector that he is entitled to the same."

CONTRACTS AFFECTING TAXES.

*Where under the terms of a contract entered into before this Act takes effect the payment to which the taxable person is entitled is required to be made without any deduction by reason of any tax imposed, the obligor shall not be compelled to make such reduction or withhold the income tax, but shall give notice to the collector of the payment made, or to be made, as part of the return which he is required to make, and the said sum shall in that case, for the purposes of this Act, be computed as a part of the income of the taxable person. If the obligor fails to give such notice he shall be personally liable for the income tax if the same is not paid by the taxable person. No such contract entered into after this Act takes effect shall be valid in regard to any Federal income tax imposed upon a person entitled to such payment. *Provided further*, That if such person is a minor or an insane person, or is absent from the United States, or is unable owing to serious illness to make the return and application above provided for, the return and application may be made for him or her by the person required to withhold and pay the tax, he making oath under the penalties of this Act that he has sufficient knowledge of the affairs and property of his beneficiary to enable him to make a full and complete return for him or her, and that the return and application made by him are full and complete."*

INVESTORS INTERESTS.

The further provision of this Paragraph is composite work of both the House and the Senate Caucus and deals largely with incomes derived from foreign sources. It is of interest therefore, to all investors.

"Provided further, That the amount of the normal tax hereinafter imposed shall be deducted and withheld from fixed and determinable annual gains, profits, and income derived from interest upon bonds, and mortgages, or deeds of trust, or other

obligations of corporations, joint-stock companies or associations, insurance companies, whether payable annually or at shorter or longer periods, although such interest does not amount to \$3,000, subject to the provisions of this section requiring the tax to be withheld at the source and deducted from annual income and paid to the Government; and likewise the amount of such tax shall be deducted and withheld from coupons, checks, or bills of exchange for or in payment of interest upon bonds of foreign countries and upon foreign mortgages or like obligations (not payable in the United States), and also from coupons, checks, or bills of exchange for or in payment of any dividends upon the stock or interest upon the obligations of foreign corporations, associations, and insurance companies engaged in business in foreign countries; and the tax in each case shall be withheld and deducted for and in behalf of any person subject to the tax hereinbefore imposed, although such interest, dividends, or other compensation does not exceed \$3,000, by any banker or person who shall sell or otherwise realize coupons, checks, or bills of exchange drawn or made in payment of any such interest or dividends (not payable in the United States), and any person who shall obtain payment (not in the United States), in behalf of another of such dividends and interest by means of coupons, checks, or bills of exchange, and also any dealer in such coupons who shall produce the same for any such dividends or interest (not payable in the United States), otherwise than from a banker or another dealer in such coupons; but in each case the benefit of the exemption and the deduction allowable under this section may be had by complying with the foregoing provisions of this paragraph.

FOREIGN COLLECTION LICENSE.

All persons, firms, or corporations undertaking as a matter of business or for profit the collection of foreign payments by means of coupons, checks, or bills of exchange shall obtain a license from the Commissioner of Internal Revenue and shall be subject to such regulations enabling the Government to ascertain and verify the due withholding and payment of the income tax required to be withheld and paid as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe; and any person who shall undertake to collect such payments as aforesaid without having obtained a license therefor, or without complying with such regulations, shall be deemed guilty of a misdemeanor and for each offense be fined in a sum not exceeding \$5,000, or imprisoned for a term not exceeding one year, or both, in the discretion of the court.

The closing four lines of this Paragraph, added by the Senate Democratic Caucus, have particular interest to those who are called upon to pay additional income tax for incomes exceeding twenty thousand dollars. The wording of these lines is as follows:

The provisions of this section relating to the deduction and payment of the tax at the source of income shall only apply to the normal tax hereinbefore imposed upon individuals.

Paragraph F provides penalties for those who refuse or neglect to make returns under the law.

Paragraph G, subdivision A, states that the tax imposed upon individuals shall be levied upon corporations, joint-stock companies or associations. It contains the exemptions relative to labor, agricultural or horticultural organizations, mutual savings banks, lodges, building and loan associations and associations organized for religious, charitable, scientific, or educational purposes, no part of the net income of which inures to the benefit of any private stock holder or individual.

COMMERCIAL ORGANIZATIONS EXEMPT.

The Senate Democratic Caucus makes the following important change in keeping with the protest filed by the Chamber of Commerce of the United States and other commercial organizations: "nor to business leagues, nor to chambers of commerce or boards of trade, municipalities, or any other political subdivision of a State, not organized for profit or no part of the net income of which inures to the benefit of the private stockholder or individual; nor to any civic league or organization not organized for profit, but operated exclusively for the promotion of social welfare."

Subdivision B defines the methods of ascertaining the net income of corporations, joint-stock companies, or associations, and insurance companies.

MUTUAL LIFE INSURANCE.

The Senate Democratic Caucus adds this provision relative to mutual life insurance companies: "Provided, That mutual life insurance companies shall not be required to return as a part of their income any portion of premium deposits actually returned to their policy holders within the year for which the income tax return is made, nor any portion actually credited to the policy holders by

being applied as a deduction from the amount of the premium otherwise due to the company within the year for which the income tax is returned."

MUTUAL FIRE INSURANCE.

The House had already made the following provision relative to mutual fire insurance companies:

Provided further, That mutual fire insurance companies requiring their members to make premium deposits to provide for losses and expenses shall not return as income any portion of the premium deposits returned to their policyholders, but shall return as taxable income all income received by them from all other sources plus such portions of the premium deposits as are retained by the companies for purposes other than the payment of losses and expenses and reinsurance reserves.

MUTUAL MARINE INSURANCE.

The Senate Caucus makes the following provision relative to mutual marine insurance companies: "Provided further, that mutual marine insurance companies shall include in their return of gross income gross premiums collected and received by them less amounts paid for re-insurance, but shall be entitled to include in deductions from gross income amounts repaid to policyholders on account of premiums previously paid by them and interest paid upon such amounts between the ascertainment thereof and the payment thereof; (third) interest accrued and paid within the year on its indebtedness to an amount of such indebtedness not exceeding one-half of the sum of its bonded indebtedness and its paid-up capital stock outstanding at the close of the year, or if no capital stock, the capital employed in the business at the close of the year.

Definite details regarding exemptions in favor of various mutual organizations are contained in this subdivision.

Subdivision C further defines the date for calculating the entire net income of corporations, etc., and the method of making report.

PUBLICITY OF RETURNS.

Subdivision D covers the question of publicity of returns when made and is of such importance as to warrant scrutiny by all interested. It is here quoted in full.

(d) "When the assessment shall be made, as provided in this section, the returns, together with any corrections thereof which may have been made by the commissioner, shall be filed in the office of the Commissioner of Internal Revenue and shall constitute public records and be open to inspection as such: Provided, That any and all such returns shall be open to inspection only upon the order of the President, under rules and regulations to be prescribed by the Secretary of the Treasury and approved by the President.

If any of the corporations, joint-stock companies or associations, or insurance companies aforesaid, shall refuse or neglect to make a return at the time or times hereinbefore specified in each year, or shall corporation, joint-stock company or association, or insurance company shall be liable to a penalty of not exceeding \$10,000."

Paragraph H extends the meaning of State of United States to include the territories and insular possessions. This paragraph also provides for an additional tax of four per cent per annum on Alaska Railroads in lieu of the license tax of one hundred dollars per mile per annum now imposed by law.

STATUTES AMENDED.

Paragraph J provides for the amendment of sections 3167, 3172, 3173, and 3176 of the Revised Statutes of the United States.

Section 3167 makes it unlawful for officers or employees of the United States to divulge facts set forth or disclosed in any income return, except as provided by law.

Section 3172 provides for the collector sending his deputies through every part of his district in order to inquire concerning persons liable to pay any tax.

Section 3173 refers to the dates for making a list of returns of taxable property.

Section 3176 refers to refusal or neglect, or the rendering of a false or fraudulent return.

Paragraph K. This paragraph as printed in the House Bill has been subject to no change in the Senate Democratic Caucus. It provides for the giving of receipts for each tax paid.

Paragraph L has been subject to no change and confers jurisdiction upon the District Courts of the United States in all cases arising under the provisions of the income tax.

Paragraph M has been subject to no change and provides "That all administrative, special, and general provisions of law, including the laws in relation to the assessment, remission, collection, and refund of internal revenue taxes not heretofore specifically repealed and not inconsistent with the provisions of this section, are hereby extended and made applicable to all the provisions of this section and to the tax herein imposed."

Paragraph N extends the provisions of Section II, the Income Tax portion of the Tariff Bill, to Porto Rico and the Philippine Islands, and concludes with the following provision which was amended by the Senate Democratic Caucus to include the District of Columbia.

"That the provisions of this section shall extend to Porto Rico and the Philippine Islands: Provided, That the administration of the law and the collection of the taxes imposed in Porto Rico and the Philippine Islands shall be by the appropriate Internal-revenue officers of those governments, and all revenues collected in Porto Rico and the Philippine Islands thereunder shall accrue intact to the general governments thereof, respectively: And provided further, That the jurisdiction in this section conferred upon the district courts of the United States shall, so far as the Philippine Islands are concerned, be vested in the courts of the first instance of said islands: And provided further, That nothing in this section shall be held to exclude from the computation of the net income the compensation paid any official by the governments of the District of Columbia, Porto Rico, and the Philippine Islands or the political subdivisions thereof.

Section III Amended.

In the last issue of THE NATION'S BUSINESS, Section III of the Tariff Bill was detailed together with running commentary for or against the paragraphs of that section. As suggested at that time, the Senate Democratic Caucus has made a number of changes in Section III dealing with administrative features.

From Paragraph B, defining the consignee, the following words have been stricken:

"That for the purpose of this act bringing or causing merchandise to be brought within the territorial limits of the United States shall be construed to be an attempt to enter or introduce the same into the commerce of the United States."

To Paragraph C, defining invoices, the following words have been added:

"That such invoices shall have appended, for the purpose of making statistical entry, an enumeration of articles contained therein, in form to be prescribed by the Secretary of the Treasury, with the total of each article and it shall be the duty of the consular officer, to whom the invoice shall be produced, to require such information to be given.

To Paragraph F, defining declaration, the following words have been added:

DETAILED DECLARATIONS.

"That the Secretary of the Treasury and the Secretary of Commerce are hereby authorized and directed to establish from time to time for statistical purposes a list of enumeration of articles in such detail as in their judgment may be necessary comprehending all goods, wares and merchandise imported into the United States, and that as a part of the declaration herein provided there shall be either attached thereto or included therein an accurate statement specifying, in the terms of the said detailed list or enumeration, the kind and quantities of all merchandise imported, and the value of the total quantity of each kind of article."

To Paragraph H, relative to fraudulent invoices and so forth, the following words have been added:

"That the arrival within the territorial limits of the United States of any merchandise consigned for sale and remaining the property of the shipper or consignor, and the receipt of a false or fraudulent invoice thereof, or the existence of any other facts constituting an attempted fraud, shall be deemed to be an attempt to enter such merchandise, for the purpose of this paragraph, notwithstanding no actual entry has been made or offered."

A number of minor verbal changes appear in paragraphs I, J, K.

From Paragraph L, as to actual market values, the following words have been stricken:

"and with reference to the appraisement of all imported merchandise, whether purchased or consigned, the Secretary of the Treasury is authorized and empowered to determine the existence or non-existence of a foreign market, and such determination shall be binding and conclusive upon all persons and interests."

IMPORTERS' BURDEN LIFTED.

In Paragraph M these words disappear "with respect to each appraisement objected to." This simple change will affect all importers very favorably for the words appear in connection with the charge of a fee of one dollar. In the last issue of THE NATION'S BUSINESS the mistake of charging a fee of one dollar "with respect to each appraisement objected to" was pointed out by the Merchants' Association of New York, and it was shown that it involved a very heavy burden on importers.

Paragraph M was also changed by the elimination of the following words in relation to dutiable values.

"and in so doing may exercise both judicial and inquisitorial functions. In such cases hearings may in the discretion of the general appraiser or Board of General Appraisers before whom the case is pending be open and in the presence of the importer or his attorney and any duly authorized representative of the Government, who may in like discretion examine and cross-examine all witnesses produced."

In place of the above, the following words were substituted:

"In such cases the general appraisers and the Boards of General Appraisers shall give reasonable notice to the importer and the proper representative of the Government of the time and place of each and every hearing at which the parties or their attorneys shall have opportunity to introduce evidence and to hear and cross-examine the witnesses for the other party, and to inspect all samples and all documentary evidence or other papers offered. Hearsay evidence and unsworn statements shall not be admitted, but affidavits of persons whose attendance can not be procured may be admitted in the discretion of the general appraiser or Board of General Appraisers."

COMMERCIAL PROTESTS HEEDED.

In Paragraph N the Senate Democratic Caucus has stricken out the following words in keeping with protests from various commercial organizations and importing firms the nation over.

"Each protest shall be limited to a single article or class of articles, and to a single entry or payment; and issues of classification shall not be joined with other issues in the same protest."

The Senate Democratic Caucus has added to the same paragraph the following words:

"No agreement for a contingent fee in respect to recovery or refund under protest shall be lawful. Compliance with this provision shall be a condition precedent to the validity of the protest and to any refund thereunder, and a violation of this provision shall be punishable by a fine not exceeding \$500, or imprisonment for not more than one year, or both."

The Senate Caucus has amended Paragraph O in an important particular by striking out the words "previously imported." This limits the general appraisers to questions under oath relative to imported merchandise then under consideration and prevents re-opening questions that have been previously settled relative to imports.

SEVERE PENALTY MODIFIED.

The Senate has amended Paragraph P by striking out the following words, associated with the failure of any person to attend a hearing or answer a question relative to matters on which information is required by the general appraiser.

"to be summarily imposed by the collector or chief officer of customs in the customs collection district where the citation issued; and upon the report of such officer to the district court in the judicial district where such citation issued, the amount of such penalty shall be forthwith entered upon the docket of such court against the person so fined, and such entry shall have the full force and effect of a judgment of said court."

Paragraph Q is slightly changed. Paragraphs R and S are unchanged. Paragraph T has been amended in an important particular by the Senate. The following words have disappeared:

"and in the actions or proceedings for the recovery of the value of merchandise imported contrary to any Act providing for or regulating the collection of duties on imports or tonnage, the burden of proof shall be upon the defendant."

Thus leaving the paragraph to read as follows:

"That in all suits or informations brought, where any seizure has been made pursuant to any Act providing for or regulating the collection of duties on imports or tonnage, if the property is claimed by any person, the burden of proof shall lie upon such claimant. Provided, That probable cause is shown for such prosecution, to be judged of by the court.

FOREIGN RIGHTS REGARDED.

Most vital of all paragraphs, U, V, and W, which were fully explained in THE NATION'S BUSINESS of June 16, are stricken out in their entirety. Paragraph U dealt with research into the books of foreign manufacturers. Paragraph V, with the exclusion of goods manufactured by those who declined to open their books and Paragraph W with the establishment in each consulate of a registry of purchasing agents.

Paragraph X, relative to the assembling of merchandise at a shipping point from several consular districts remains unchanged except for a verbal correction. All other paragraphs of Section III remain unchanged.

Section IV Amended.

Section IV has been amended in several important details by the Senate Democratic Caucus. Paragraph A is vastly broadened in its scope and gives very definite power

(Continued on page 14.)

Stop Killing Calves

In the Year Book of Swift Company, recently issued, a forcible plea is made for reduction in the sale of veal. This plea is advanced as one of the most effective methods of increasing the beef supply of the country and thereby lessening the prevailing high prices of beef.

The United States is the greatest veal consuming country in the world. Its demand for veal is so great that the number of calves slaughtered has increased 100 per cent in the last decade. During 1911 there were slaughtered 8,000,000 calves. If they had been allowed to live one year they would have averaged 600 pounds of good beef and would have given to the country 4,800,000,000 pounds of beef instead of only 560,000,000 pounds. According to a conservative estimate, this four billion odd pounds would furnish a city of 350,000 people with its total meat supply for over fifty years. This gives some idea of the country's immediate loss of beef supply by the slaughter of calves.

South American Laws

Laws have been enacted in South American countries making it an offense subject to severe penalty to slaughter female calves, heifers or cows under six years of age. The purpose of these laws was to increase the breeding herds. The results have been altogether beneficial and in no sense deleterious. Some such laws should be enacted in the United States. All through the country there has been an awakening to the necessity of laws limiting the ruthless slaughter of calves.

Papers in agricultural districts lament the shortsightedness of the farmer who continues to raise feed but kills the young animals that should be eating the feed. At the rate that calves are being killed the herds of cattle will soon be thinned to such a point that the production of beef will be seriously impaired. Everywhere there is a growing sentiment for the preservation of the calves.—Exchange.

Imports Exceed Exports

The total value of the imports of animal origin in 1912 was \$203,444,633. Compared with the previous year this is an increase, in round figures of no less than \$60,500,000. The greatest single increase occurred in cattle hides, which almost doubled, while all the other classes of hides and skins showed substantial advances.

For the first time in our history the exports of animals and animal products of all kinds in 1912 fell below the imports in value. However, the imports are very large only in two items—both of them raw products, hides and wool. The import trade in hides and skins has assumed enormous proportions, the total value of the shipments in 1912 being considerably over \$100,000,000.

It may be noted that the majority of the imported cattle hides come from Argentina. Europe supplies a good many, as well as most of the calf skins. East Indies is the largest contributor of goat skins, while most of the sheep pelts are from England.

United States Still Leads

The United States still has, despite the reduction in her live stock in recent years, a larger number of food animals than any other country of the world. The total number of food animals (including in this term merely cattle, sheep, and hogs) was, at the latest available date, in the United States, 169 million; Russia, in Europe and Asia, 149 million; India 140 million; Australia, 104 million; Argentina, 98 million; Germany, 51 million, the United Kingdom, 46 million; and France, 39 million.

While the total value of meat products and food animals exported from the United States in the year which ends with this month, will be but about 150 million dollars, against approximately 250 million in 1906, this reduced total far exceeds that of any other country, as seen in this table:

Argentina	\$ 67,000,000
Australia	31,000,000
New Zealand	21,000,000
Canada	14,000,000
Uruguay	11,000,000

The fall in our exports of meats and food animals, which has characterized recent years, has occurred chiefly in beef; pork products, always an important factor in the meat exports, show but a slight reduction.

Animal Quarantine

The Government's inspection and quarantine service relating to the importation and exportation of live stock is fully described in Circular 213, Bureau of Animal Industry, Department of Agriculture.

The nature of the service and its needs are fully described and illustrated, and a number of striking incidents given of successful and unsuccessful fights with animal diseases abroad and here. The history of the importation of Brahma (tick-immune) cattle into Texas from India is given.

Co-operation in Russia

The satisfactory growth in the number of Russian agricultural co-operative associations and companies and of co-operative butter artels in Western Siberia for the past twenty years may be seen by the following table:

Year.	Agricultural companies.	Agricultural associations.	Butter artels.
1891	95	2
1901	335	48	51
1906	584	82	523
1910	1,951	166	1,337
1911	3,103	333	2,000
1912	3,500	562	2,000

Of the 3,103 agricultural companies shown in the above schedule for 1911, says Consul General John H. Snodgrass, Moscow, 2,633 dealt generally with agricultural co-operation, and 470 were special companies that can be classified as: Agriculture, 172; gardening and grape culture, 107; poultry raising, 55; fishing, 48; dairy products, 45; others, 43.

CENTRAL UNIONS ORGANIZED.

Notwithstanding the comparatively small development of co-operation in Russia, the advantage of having central co-operative unions has become evident. Throughout the empire (not counting the Siberian butter artel union) there are seven agricultural unions; (1) The Central Agricultural Co., Warsaw, Poland, containing 39 district agricultural companies, connected in their turn with 370 agricultural bodies of smaller size, having 10,000 members; (2) and (3) the Riga Central Agricultural Co. and the Economic Co. of Lithuanian Agriculturists, also in Riga, each composed of 45 agricultural companies; (4) the Estskoye Economic Association, in the city of Yuriev (Dorpat), forming the connecting center of 30 agricultural companies; (5) the Vologodskoye Agricultural Co., City and Province of Vologda. The Vologodskoye Co. has among its members 79 co-operative store companies, 34 butter artels, and 1 agricultural company, and thus possesses more the character of a general store and butter co-operative society; (6) the Kubanskoye Agricultural Association, City of Yekaterinodar, Kuban Territory, Caucasus; (7) the St. Petersburg Central Agricultural Co., connected with 35 smaller companies.

Educational Compendium

The Monthly Record of Current Educational Publications, compiled by the Library Division of the Bureau of Education in Washington, suspended publication for the summer with the June issue. Ninety-four periodicals, foreign and domestic, were indexed in the June issue in relation to educational matters. One thousand and twenty-one items of educational interest have been indexed since January. The compilers of the Library Division render available to those interested a subject index to all educational matters in the periodicals of all leading countries.

School Hygiene

The United States Bureau of Education has issued an "Annotated Bibliography of Medical Inspection and Health Supervision of School Children in the United States for the years 1909-1912."

It is a compilation of extraordinarily suggestive value and can not be adequately credited in these pages. It should be secured by all editors and organization officials who believe in agitating for the conservation of our greatest asset—the child. It is divided into:

General References,
Inspection for Communicable Diseases,
Medical Inspection of Teeth,
The School Nurse,
Training of Medical Inspectors, School Nurses and School Teachers,
Salaries of School Medical Inspectors,
Medical inspection in Individual Localities and Institutions,
Medical Inspection Records (with an appendix showing Forms used.)

To give an idea of the manner in which school hygiene has already arrested attention, the following summary prepared by the Russell Sage Foundation is here included:

Summary of provisions for health of children in public schools, 1911.

STATES	Number of cities reporting	Having Medical inspection	Inspection for contagious diseases	Inspection and hearing tests by teachers	Inspection and hearing tests by doctors	Physical examination by doctors	System under of health	System under of education	Number of school doctors	Number of school nurses	Inspection by dentists
United States	1,038	443	405	553	255	214	106	337	1,415	415	69
North Atlantic Division	411	230	224	261	125	135	58	178	832	261	24
South Atlantic Division	74	23	23	29	12	10	7	16	48	11	3
South Central Division	101	35	34	43	22	12	12	23	41	5	3
North Central Division	383	100	100	182	73	58	21	88	417	114	30
Western Division	70	40	31	37	25	19	8	22	87	24	4

Industrial Education

Coming in a vivid way at the subject of German Industrial Education and what it can teach the United States, Holmes Beckwith has prepared and the Department of the Interior has issued through the Bureau of Education, a volume of 150 pages that is full of practical research work. A quotation from the preface will indicate the first hand character of the information.

"In the United States we lack large practical experience with industrial education for the mass of workers. Of all countries, Germany has had probably the largest and most fruitful experience with such education and has most to teach us. To learn at first hand from German experiences, I spent the summer of 1911 investigating industrial education in Germany. The cities visited were selected with a view to their importance industrially and include a number of the chief industrial centers in various lines of manufacture. The following cities were visited: The city State of Hamburg; Leipzig, Dresden, Chemnitz, and Plauen in Saxony; Munich in Bavaria; Mannheim in Baden; and Berlin, Magdeburg, Frankfurt on Main, Coblenz, Cologne, Dusseldorf, Elberfeld, Barmen, Dortmund, Essen, Duisburg, Crefeld, Munchen-Gladbach, Rheidt, and Achen, in Prussia. Numerous industrial schools of all grades were visited, a large proportion of which were in operation. Inquiries were made of school directors and teachers, and members of school boards, as to the organization, methods, and results of the schools. The relations of the schools to and their results on industry, and the attitude of industrial employers to them, were especially investigated. In almost every city the chamber of industry was visited and inquiries made of these bodies, which are the best fitted of all to represent the opinions of the masters. In addition, a considerable number of school reports and other printed data were collected, of which one could learn only when on the ground."

Instruction in Spanish Needed

The American Minister to Panama recently asked the United States Government to recommend candidates for positions as professor of industrial arts, professor of agriculture, and professor of veterinary medicine in Panama. Salaries up to \$2,400 and other inducements were offered. The Bureau of Education communicated with various institutions and organizations that usually have lists of available candidates, but in this case the response was meager, because of the language requirement. "None of our industrial arts experts speak Spanish," wrote an officer of one of the best-known teacher-training institutions. Others declared that while they knew of men who would meet the requirements, so far as professional attainments and teaching experience were concerned, they knew of none who had the added requirement of Spanish.

On several occasions, lately, the Bureau of Education, at the request of the State Department, has scoured the country in search of educators for responsible positions in Latin-American countries, only to find generally that those who might qualify in other particulars cannot speak the language.

Municipal University

"Something like 22 per cent. of the students of the University of Cincinnati are fatherless. Of the fathers of the others, less than one-fourth are in the so-called professions. Over three-fourths are in non-professional, commercial, or mechanical pursuits.

As a further indication of the class reached by the university, 85.5 per cent. of the male students have followed gainful occupations before coming to college, and 74 per cent. of them work regularly during the year for a part of the time. It is to men and women such as these that the University of Cincinnati is extending its opportunities, by co-operative courses, by day and evening classes, and in many other ways.

A recent inquiry elicited the information that 61 per cent. of the students lacked the means to attend a university outside the city. Thus the university is providing higher education to residents of the municipality who could secure it in no other way.

"The municipal university is comparatively new in this country and its development will be watched with interest," said Dr. P. P. Claxton, United States Commissioner of Education, in discussing the University of Cincinnati. "The above mentioned significant things about this city university tend to show how valuable such an institution may be to a community."

Business and School

A number of the leading business and professional men have given talks to the high-school students at Shelbyville, Ind., on vocational topics, thereby giving the boys and girls the benefit of the experience of the men who are doing the work and solving the problems of that community.

Fitchburg, Mass., which has had a co-operative industrial course in successful operation for the past five years, has been experimenting this year with a co-operative commercial course. Several seniors have been alternating each half day between office and school, thus learning bookkeeping and stenography under office conditions. The experiment has been so successful that more seniors will have an opportunity next year to go into offices one-half of each school day.

Present Status of Tariff Act

(Continued from page 13.)

to the President to negotiate trade agreements with foreign nations wherein mutual concessions are made looking toward freer trade relations and further reciprocal extension of trade and commerce. The Senate amendment elaborates very fully the various products upon which the President may suspend the operation of the Tariff Act and substitute other duties for the same, whenever he finds a country unfairly discriminating against the products of the United States.

Paragraph C is amended by striking out all exceptions from the admission free of duty into the United States of manufactured products of the Philippine Islands.

Paragraphs D, E, F, G and H remain practically unchanged.

CHILD LABOR GOODS EXCLUDED.

Paragraph I in the House Bill which prohibited the entry of merchandise manufactured wholly or in part by convict labor in foreign countries is extended in its scope by the Senate Democratic Caucus so as to include merchandise manufactured not only by convict labor, but also by the labor of children under fourteen years of age, and it provides for the issuance of further regulations and the gathering of information.

DISCRIMINATORY CLAUSE DROPPED.

Paragraph J, Sub-section 7 disappears entirely. This sub-section is the one that aroused wide comment both in this country and abroad. It is here reprinted in full:

"That a discount of 5 per centum on all duties imposed by this Act shall be allowed on such goods, wares and merchandise as shall be imported in vessels admitted to registration under the laws of the United States."

Paragraphs K, L, M, N, O, P, and Q remain either entirely unchanged or slightly amended.

Paragraph R, referring to a special or "dumping" duty to be charged on goods imported into the United States at less than a fair market value of the country of manufacture, disappeared entirely in the Senate Democratic Caucus.

COMMITTEE ON ADMINISTRATION.

The discussions that have arisen since the details of the Tariff Act became known have pointed in the direction of a need of simplification in administration.

To accomplish this end, the Senate Democratic Caucus includes the following amendment in Section IV.

A joint committee of the Senate and House of Representatives is hereby constituted, to consist of three members of the Finance Committee of the Senate, to be appointed by the President of the Senate, and of four members of the Ways and Means Committee of the House, to be appointed by the Speaker of the House whose duty it shall be to investigate and consider the revenue administration laws of the United States with the view of simplifying, harmonizing, revising, and codifying the same. The said committee is hereby given power to subpoena and compel the attendance of witnesses, to administer oaths, to hear testimony, to record and print hearings, to employ an expert clerk at not exceeding \$250 per month, and a stenographer or stenographers at a cost not to exceed the sum of \$1 per printed page, to make a final report, to print the same for the use of the Senate and House and it is hereby made their duty to file said final report and their recommendations with the Committee on Ways and Means of the House of Representatives not later than February first, nineteen hundred and fourteen. The sum of \$15,000, or so much thereof as is needed, is hereby appropriated, out of any money in the Treasury not otherwise appropriated, to carry out the provision of this paragraph."

Commercial Organizations in Various Activities

Membership Analysis.

The Denver Chamber of Commerce has, for the purpose of showing its members exactly the representative character of the membership, published a diagram of classification. It is printed herewith. Such an

CLASSIFIED MEMBERSHIP OF THE DENVER CHAMBER OF COMMERCE



idea could with advantage be tried out in any community whether or not the results are published, for it is only by such an analysis that the directors get a correct impression of whether the organization which they guide is really representative of the community.

Aggressive Southern Move.

At the Charleston meeting of the Southern Commercial Secretaries' Association, in June, A. W. McKeand, formerly Secretary-Treasurer was elected Field Secretary. This seemed to be so aggressive a move on the part of the Southern Secretaries that Mr. McKeand was asked to explain it. His letter in part, follows. It should suggest to secretarial associations everywhere other unused fields of constructive effort.

"The creation of the position of field secretary is primarily an aggressive move on the part of the Association. You are correct in surmising that the field secretary will go into towns and help the secretaries toward better and more efficient work. It will also be his duty—and I believe, will become his chief duty—to go into towns where there are no organizations and create them.

Heretofore it has been the somewhat indifferent policy of the Association to allow commercial secretaries in the South to seek it. Now it will become the aim of the Association to seek them, induce them to become members and take an active interest in the work. Steps will be taken to bring about a more complete and cohesive understanding between the various commercial organizations in the South.

There are hundreds of cities and towns in the South who have no paid commercial secretary. There are additional hundreds that have no commercial organizations whatsoever. In the opinion of the members of the Southern Commercial Secretaries' Association, this condition of affairs constitutes a manifest and legitimate field for its endeavors in the future.

LOCAL CAMPAIGNS NEEDED.

If the field secretary can induce but a dozen cities and towns to take up city building work in an intelligent manner during the coming year, the creation of the position will have been amply justified. There are numerous commercial organizations which need campaigns of refinancing, rebuilding, remodeling, and which can be made into useful building bodies, if some outside influence will but take an interest in their welfare.

City building is still in its educational stage. It is amazing how ignorant the average business man is with regard to the functions and duties of a Chamber of Commerce. Things of a city building nature are, nine times out of ten, left undone, not because the business men of a city do not have the best interests of the community at heart, but because they are entirely innocent of the knowledge which would urge them to do things along the right lines. It therefore naturally falls to the part of a field secretary to play the part of the evangelist in a commercial way when coming in contact with these men. Unquestionably the harvest will be a rich one.

International Congress of Chambers of Commerce

It will be of interest to the constituent members of the Chamber of Commerce of the United States of America to learn that at the May meeting of the Permanent Committee of the International Congress of Chambers of Commerce, held in Brussels, much time was given to a discussion of new By-Laws so as to provide for the adoption of the referendum principle incorporated at the very outset in the By-Laws of the Chamber of Commerce of the United States of America.

The discussions led to the belief that the adoption of some plan of this sort would provide a means for transacting business in the International Congress during the two year intervals which elapse between each session of the Congress.

The United States was represented by Mr. B. J. Shoninger, President of the American Chamber of Commerce in Paris, Mr. J. Randolph Coolidge, Vice-President of the Boston Chamber of Commerce as alternate, and Mr. Elias Michael of the Board of Directors of the Chamber of Commerce of the United States of America as an alternate. There were also duly accredited members from England, France, Germany, Austria-Hungary, Holland, Italy, Norway, Sweden, Switzerland and several other countries.

NEXT CONGRESS IN PARIS.

The Sixth International Congress will be held in Paris in June, 1914. The next meeting of the Permanent Committee will be held in March, 1914.

The following subjects will be brought before the next Congress:

Permanent date for Easter and reform of the calendar; unification of cheques, in accordance with the decision taken at the Boston Congress; a plan proposing uniformity in commercial arbitration between individuals of different nations; uniformity of Bills of Lading; uniformity of warrants and their commercial value; corruptions Act and disloyal competition; uniformity in the wording of insurance policies relating to international trade; uniformity in postal cheques and parcels post; uniformity of commercial and custom house statistics.

Other subjects may also be submitted for discussion.

Clever Local Work

A recent membership campaign in Kingston, N. Y. received a unique form of advertising that could be very easily followed in other communities. In one day 316 members were added to the Chamber of Commerce. Altogether 500 new memberships were received.

Cartoons were used on the first pages of the local papers, one showing a sign painter putting "Kingston" on the map with the assistance of the local newspaper men; the other showed three men with spoons dipping into a bowl bearing the name "Chamber of Commerce." The bowl contained "Interest." The men were stirring up "Interest" with spoons entitled "Push," "Ability," and "Energy."

In the issues containing these general appeals, the general advertisers of the city had their own advertising space taken up with signed appeals to the public of Kingston. By this means a personal pull was given to the plea in every case and as the majority of the advertisers for the day used varied forms of appeal it was impossible for any reader of the newspaper to avoid feeling the influence of the effort. One advertiser commenced his advertisement with the words "If you have Kingston's interest at heart," another with the words, "Work for Kingston;" and another "Show your colors Tuesday." The pleas were as varied as the lines of business followed by the advertisers. The proof of the value of the campaign was found in the fact that it won.

Grouping the Members.

The Citizens' Commercial Association of Freeport has just completed financial reorganization. All of its members are signed for a period of three years, thus permitting the Directors to make an annual budget and feel assured of the necessary funds for carrying out their plans. As the city is in an agricultural district, it has established a Department of Rural Affairs to assist the farmers in securing crop and soil improvements. Under present plans, the membership of the Citizens' Commercial Association is to be divided into various groups according to individual interests, thus keeping all the members in touch with all the organization work through the representation of these groups on a Ways and Means Committee. The present organization membership in Freeport, Illinois, is three hundred and ninety-eight.

Rights of Citizens

In order that the laws, ordinances and regulations affecting the health, comfort and safety of the people of the City may be generally known and adequately enforced, The Merchants' Association of New York has issued a comprehensive summary in which their provisions are outlined.

The purpose of the publication, which is in convenient form for carrying in the pocket, is stated in the preface as follows:

"1. To inform citizens of their rights and duties in respect of matters relating to streets and public places.

"2. To provide police officers with a concise statement of the requirements of law applying to conduct in, and police regulation of, the streets.

"The provisions of law that follow are scattered through the several thousand sections of the Charter, the Consolidation Act, the Penal Code, the Code of Ordinances, the Sanitary Code, the Building Code, and the Regulations of the Municipal Explosives Commission. Many of the provisions in one Act or Code are incomplete in themselves, and the actual rule of law governing a specific subject can only be learned by carefully collating the various provisions scattered through the several acts or codes.

"Because of these conditions it is impracticable for the average police officer accurately to learn the requirements of law on many subjects.

"This manual aims to present the requirements of certain classes of law in concise and clear form and arranged for instant reference. It is hoped and believed that this compilation will materially aid police officers in the performance of their duties, by enabling them to readily inform themselves as to what the law forbids or commands."

Put Members to Work

The Chamber of Commerce of Pine Bluff Arkansas, has worked out a way of using its members while on vacation trips. It has issued a series of five leaflets "Vacation Literature." Number 1 describes Pine Bluff as "A Business Proposition;" number 2 describes Jefferson County, Arkansas, as "The Leading Agricultural County of the State;" number 3 describes Pine Bluff as "A Place for You to Live;" number 4 outlines for Pine Bluff "Its City Building Organization;" and number 5 describes "Arkansas, the 25th State." The pamphlets are supplied to all citizens of Pine Bluff who will "talk Pine Bluff" while away from the city.

The same organization is distributing postcards for the same purpose showing in correct colors the new flag of Arkansas adopted by the legislature, February 18, 1913.

Succeeding by Success.

The Chamber of Commerce of Albany, New York, in its recent campaign doubled its membership in three days. It now has six hundred members. The method followed was to divide the city into three sections with a well-organized team of workers sent to each section. By having the facts of each day's work shown in the daily papers, the interest of the public in the effort was keen. The great change in the membership of the Albany Chamber of Commerce indicated above has arisen from activities of the Chamber that have been going forward for some months.

Enthusiasm began when the \$200,000 club was formed for the industrial promotion of the city. It was accentuated when the telephone company acceded to its demands and made the new reduced rates for service, which took effect on June 1. Then there came the effort to get the hydro-electric bill through the legislature and when the Chamber of Commerce got behind this measure and pushed it through to the Governor another evidence of the new enthusiasm was seen.

These accomplishments have led to the determination on the part of the business men of Albany to secure other advantages to the city which will make it a model city in which to live. And with this determination has come the realization that for effective results all will have to work together.

Enlarged Storage Plans.

The Chamber of Commerce of Mobile, Alabama, in raising a fund of fifteen thousand dollars for the purpose of taking up with the Interstate Commerce Commission the whole question of cotton rates applicable through the port of Mobile. The Mobile Trade Commission which visited Central American countries, as announced in an earlier issue of THE NATION'S BUSINESS has returned. The entire trip resulted in a stimulated interest in exports. In keeping with this and other expected results from the opening of the Panama Canal, Birmingham capital has recently become interested in the establishment of a great storage warehouse in Mobile for cotton and other goods intended for export.

The Cincinnati Chamber.

After a career of nearly three-quarters of a century, the Cincinnati Chamber of Commerce on June 26th, moved into the new quarters which have been erected to take the place of its old home destroyed by fire in January, 1911. The exercises included the unveiling by the Mayor of Cincinnati, of a bronze tablet set in the wall of the auditorium of the new Chamber reciting briefly the history of the organization.



The Cincinnati Chamber of Commerce was founded in 1839, and was, it is said, the first body of its kind organized west of Philadelphia. Its declaration of purposes was "to collect information in relation to commercial, financial and industrial affairs that may be of general interest and value, secure uniformity in commercial laws and customs, facilitate business intercourse and promote equitable principles, as well as to arrange for the adjustment of differences and disputes in trade."

Rivals in Membership Work.

Recently the East St. Louis Commercial Club of East St. Louis, Ill., and the Business Men's League of St. Louis, Mo., entered into a friendly contest. The contest was arranged at the suggestion of the Illinois organization. The Missouri organization was to increase its membership to four thousand before the East St. Louis body increased its membership to one thousand. The St. Louis Post-Dispatch donated a silver loving cup as a trophy for the organization that reached its total first. East St. Louis won. In a campaign of two hours' work during each of four days, the East St. Louis Commercial Club increased its membership by six hundred members.

The location of East St. Louis is peculiar. On the Illinois side of the Mississippi River, it was long overshadowed by St. Louis on the Missouri side, yet its growth has been remarkable. In 1870 it had a population of about five thousand. Its population now is more than seventy-five thousand. By reason of its relation to the Mississippi River and cities in trans-Mississippi territory, it was from the beginning the terminus of all leading transportation lines east of the Mississippi that sought to reach the Missouri and trans-Mississippi territory. It has become, therefore, the second largest railway center in the United States. The disadvantage of being built upon low ground has been overcome and the whole business section has been raised more than twelve feet above its original level.

Publicity Method Changed.

Beginning July 1st, the mailing list of the Commercial Secretaries and Business Men's Association of Texas will be discontinued. The service will appear in full in the Farm & Fireside Bulletin, published at Arlington, Texas, and the subscription price is one dollar per annum.

This course is absolutely necessary for two reasons.

First: The mailing list has grown to such proportions that it has become a severe financial drain to the organization.

Second: The work has expanded into other fields, such as patent inside, out-of-state and daily papers which will not lend itself to copy service, and the envelope sent out contains only an unimportant part of the service.

Commission on Industrial Relations

On June 21st, President Wilson sent to the Senate nine nominations for the belated Commission on Industrial Relations.

This Commission was authorized by an Act passed August 23rd, 1912. Its report must be made by August 23rd, 1915. On December 17th, 1912, President Taft nominated members for the Commission, but the Senate failed to confirm.

The following are the nominees of President Wilson:

REPRESENTING THE PUBLIC.

Frank P. Walsh, chairman, prominent member of the Kansas City Bar; attorney for the Board of Public Welfare in which from the beginning he has shown great interest; president of the Pardon and Parole Board and of the Civil Service Commission of Kansas City; active in starting Legal Aid Bureau; vice-president, National Social Center Association; chairman of the Social Service Committee of the democratic national campaign last fall; has served, very acceptably to both sides, as arbitrator in labor disputes in Missouri.

John R. Commons, professor of Political Economy, University of Wisconsin, and member Wisconsin Industrial Commission. Was expert agent of United States Industrial Commission in 1901. Has been instructor and professor of economics in different universities, most of the time since 1890. Joint editor Documentary History of American Industrial Society. Author of books and magazine articles on economics and labor problems. Has lectured widely on labor problems and labor legislation.

Mrs. J. Borden Harriman, New York City, member of the New York Milk Committee, to whose work she has devoted much time and effort, particularly as chairman of a sub-committee on the reduction of infant mortality; vice-president, Tuberculosis Prevention for Children, Farmingdale, N. Y.; was chairman of the women's committee of the Democratic national campaign last fall.

REPRESENTING EMPLOYERS.

Frederick A. Delano, Chicago. Receiver and former president of the Wabash Railroad; identified with various civic and reform movements in Illinois. As president of the Wabash Railroad, his relations with the labor unions have been cordial; a civic leader in Chicago, commenting on Mr. Delano's previous nomination, wrote: "The appointment of Mr. Delano is fine and fair and ought to be the type of appointment throughout."

Harris Weinstock, San Francisco, merchant, Vice-president Weinstock-Lubin Co. Interested also in other business enterprises. Founded Barbara Weinstock lectureship of Morals of Trade, University of California. Appointed 1908 by Governor Gillette of California to investigate and report on labor legislation of New Zealand. Appointed 1912 by Governor Johnson to investigate the disturbances over the I. W. W. in San Diego. In his report he condemned the principles of the I. W. W. but criticized with great severity the methods employed by the so-called vigilantes. Member executive committee National Civic Federation.

S. Thurston Ballard, Louisville, Kentucky. Owner of flour mills and identified with many other commercial and industrial enterprises. As member of the Louisville Manufacturers' Association, he secured the support of that body to child labor legislation. "A man," writes a Louisville social worker, "with broad views and a deep sense of the obligation that rests upon him as an employer. His appointment is altogether admirable."

REPRESENTING EMPLOYEES.

Austin B. Garretson, Iowa, president of the Order of Railroad Conductors, one of the great railway brotherhoods.

John B. Lennon, Bloomington, Illinois, treasurer of the American Federation of Labor. For many years an executive of the international union of journeymen tailors. He is a member of the Commission on Social Service of the Federal Council of Churches of Christ in America, and has been fearless in presenting the cause of temperance among laborers.

James O'Connell, District of Columbia, vice-president of the American Federation of Labor, formerly president of the machinists' union.

In the above are four of the nominees of President Taft:—Messrs. Delano, Garretson, Lennon, O'Connell.

DUTIES OF THE COMMISSION.

The Commission has the following important scope. It is to inquire into:

The general condition of labor in the principal industries of the United States, including agriculture, and especially in those which are carried on in corporate forms;

Existing relations between employers and employees;

The effect of industrial conditions on public welfare and into the rights and powers of the community to deal therewith;

The conditions of sanitation and safety of employees and the provisions for protecting the life, limb and health of the employees;

The growth of associations of employers and of wage earners and the effect of such associations upon the relations between employers and employees;

The extent and results of methods of collective bargaining;

Any methods which have been tried in any State or in foreign countries for maintaining mutually satisfactory relations between employees and employers;

The methods for avoiding or adjusting labor disputes through peaceful and conciliatory meditation and negotiations;

The scope, methods, and resources of existing bureaus of labor and into possible

ways of increasing their usefulness;

The question of smuggling or other illegal entry of Asiatics into the United States or its insular possessions, and of the methods by which such Asiatics have gained and are gaining such admission, and shall report to Congress as speedily as possible with such recommendation as said Commission may think proper to prevent such smuggling and illegal entry.

The Commission shall seek to discover the underlying causes of dissatisfaction in the industrial situation and report its conclusions thereon.

Colorado Votes in 1912

An analysis of the last initiative and referendum votes taken in Colorado warrants earnest consideration. By arranging in groups those amendments and statutes that were defeated and those that were carried, it will be seen how unexpected appear to have been some of the decisions. Attention is drawn to the fact that while all over the nation fixed salaries for officials are regarded as better than a fee system, in view of the temptation to abuse the fee privilege, nevertheless such a Constitutional amendment was voted down. The mothers' compensation law in "Statutes Carried" will be noted with interest.

Amendments Carried

Giving the people the right to overrule or recall decisions of the Supreme Court declaring laws unconstitutional. Carried by 55,416 for, to 40,891 against.

Providing for the recall of every elective public officer, including judges. Carried by 53,620 for, to 39,564 against.

Granting home rule to cities and towns of 2,000 population and upward, so that they may make their own charters free from all State control in respect of their own local and municipal affairs, taxation included. Carried by 49,596 for, to 44,778 against.

Amendments Defeated

State-wide prohibition of the liquor traffic. Defeated by 116,774 against, to 75,877 for.

Providing for wider use and control of school buildings by the people. Defeated by 59,691 against, to 38,318 for.

Providing a special fund for the State Immigration Bureau. Defeated by 54,272 against, to 30,559 for.

Authorizing bonded debt for construction and improvement of public highways. Defeated by 53,327 against, to 36,636 for.

To create a public utilities court. Defeated by 51,820 against, to 27,534 for.

To enlarge limitation upon country debts for highways and other purposes. Defeated by 47,284 against, to 29,741 for.

Regulating proceedings for contempt of court by allowing jury trials for constructive contempt. Defeated by 41,855 against, to 31,850 for.

Substitution of fixed salaries for official fees. Defeated by 41,622 against, to 28,888 for.

Regulating the submission of proposed Constitutional amendments. Defeated by 40,634 against, to 33,413 for.

For a State tax commission and county board of realization. Defeated by 40,012 against, to 32,548 for.

Concerning mills and smelters. Defeated by 37,953 against, to 35,997 for.

Statutes Carried

Eight-hour labor law for women in injurious occupations. Carried by 108,959 for, to 32,019 against.

Mother's compensation act, providing that when the parent of a child is helpless, the child, instead of being sent to an institution, may be remitted to the care of the parent at the expense of the county. Carried by 52,337 for, to 37,870 against.

Eight-hour law for miners. Carried by 69,489 for, to 30,992 against.

Limiting labor hours in mines, smelters, etc. Carried by 52,625 for, to 48,777 against.

Federal Control of Investments by Railroads

The Interstate Commerce Commission in rendering its opinion relative to the matter of rates, classifications, regulations, and practices of carriers in the New England investigation, has reached the following conclusions relative to the lessons of the investigation and their application to national conditions.

"No student of the railroad problem can doubt that a most prolific source of financial disaster and complication to railroads in the past has been the desire and ability of railroad managers to engage in enterprises outside the legitimate operation of their railroads, especially by the acquisition of other railroads and their securities. The evil which results, first, to the investing public, and, finally, to the general public, can not be corrected after the transaction has taken place; it can be easily and effectively prohibited. In our opinion the following propositions lie at the foundation of all adequate regulation of interstate railroads:

1. Every interstate railroad should be prohibited from expending money or incurring liability or acquiring property not in the operation of its railroad or in the legitimate improvement, extension, or development of that railroad.

2. No interstate railroad should be permitted to lease or purchase any other railroad, nor to acquire the stocks or securities of any other railroad, nor to guarantee the same, directly or indirectly, without the approval of the federal government.

3. No stocks or bonds should be issued by an interstate railroad except for the purposes sanctioned in the two preceding paragraphs, and none should be issued without the approval of the federal government.

It may be unwise to attempt to specify the price at which and the manner in which railroad stocks and securities shall be disposed of; but it is easy and safe to define the purpose for which they may be issued and to confine the expenditure of the money realized to that purpose. That such a measure of regulation is necessary, and that it can only be administered through the national government, is the necessary conclusion from the facts developed in this proceeding."

Direct-Legislation League's bill for regulation of official ballots. Carried by 43,390 for, to 39,504 against.

Statutes Defeated

Bill for tunneling James Peak (passed and referred by the Legislature). Defeated by 93,183 against, to 45,800 for.

Search and seizure laws to enforce prohibition. Defeated by 79,190 against to 64,616 for.

For regulation of public service corporations. Defeated by 64,138 against, to 3,437 for.

House bill for teachers' summer normal school districts. Defeated by 63,26- against, to 23,521 for.

House bill for examination of teachers. Defeated by 54,086 against, to 25,369 for.

To establish a State fair (a gambling legalization law). Defeated by 62,462 against, to 49,002 for.

To publish arguments for and against initiated measures and referred laws, as in Oregon. Defeated by 50,635 against, to 39,551 for.

Senate bill regulating irrigation. Defeated by 47,614 against, to 22,931 for.

Establishing a State highway commission. Defeated by 45,101 against, to 44,560 for.

Senate bill for regulating the custody, &c., of public funds. Defeated by 44,322 against, to 20,963 for.

Direct-Legislation League's bill for regulating direct legislation. Defeated by 38,537 against, to 37,616 for.

For branding and marking live stock. Defeated by 37,740 against, to 37,339 for.

Civil service regulation bill. Defeated by 35,282 against, to 31,326 for.

Railroad Statistics.

Railroads throughout the United States obtained in 1912 the lowest relative net income in twenty-five years, according to Stanton Thompson, head of the Bureau of Railway News and Statistics, in his annual review of American railways. The history of all rail carriers in the United States for 1912, he says, also discloses the following facts:

Lowest average freight receipts since 1906. Payment of the highest wages in their history.

Multiplication of costly regulations. Heaviest loss and damage claims on record.

Highest taxes yet levied. Largest gross revenues received. Largest expenses of operation.

In discussing the regulation of railroad rates, Mr. Thompson says:

"Under regulation, as interpreted to mean only reduction of rates to meet the views of rival shippers and communities and suspending all advances except an insignificant few, the average receipts per freight ton mile has been reduced to 7.41 mills from 7.57 mills in 1911.

"This may not appear to be a backbreaking drop, but applied to a movement of over 267,000,000 tons of freight moved one mile, it amounts up to over \$42,000,000, or enough to have removed the reproach of insufficient net income from a year of unprecedented accomplishment.

Railroad Using Lignite

An experimental station in charge of a department of the University of North Dakota at Grand Forks, has worked out a process which makes it possible for railway engines to burn lignite coal. This development means that western railroads will use western coal and this makes a market for the immense deposits of coal in North Dakota.

The Chicago and Northwestern and Burlington railroads are now making practical tests upon forty locomotives in actual service, and if practice proves up with laboratory tests, then the railways will be able to make great saving in their fuel accounts. Railroad coal in the western portions of these states and in western Nebraska, Wyoming, Colorado ranges from \$5 to \$6 a ton, while lignite can be bought, at this time, at \$1.75 a ton.

The experiments are of great value not only to the railroads operating in the west, but also to the states of North and South Dakota.

Refrigeration Congress

The Third International Congress of Refrigeration will be held in Washington and Chicago, September 15 to 24. The formal opening will take place in Washington September 15, when Secretary Houston and other Government officials will speak. The Congress will arrive in Chicago September 17. The formal opening of the Exposition of Perishable Foods under Refrigeration, Machinery, Materials and Supplies, will take place that day.

Ice manufacturers, storage operators, meat packers, and users of refrigerating machinery are expected to attend in large numbers.

OTHER CONVENTIONS TO BE HELD.

In addition to meetings of the American Association of Refrigeration and the American Society of Refrigerating Engineers, conventions of allied industries will be held in Chicago during the sessions of the International Congress, such as the American Meat Packers' Association; butter, egg and poultry associations, etc.; and, of course, the various ice manufacturers' and ice dealers' associations, nearly all of whom have arranged for special meetings in Chicago in September, will insure a large attendance from all parts of America by those directly interested in refrigeration. Advances from abroad indicate that approximately 1,000 delegates from the forty-four countries invited by the President of the United States to take part will attend the congress and exposition.

Maritime Law

The coming International Conference on the Unification of Maritime Law which will meet in Brussels probably in September, will deal with the question of the limitation of the liability of shipowners, which has assumed international importance in view of the great marine disasters of last year. Considerable progress toward a uniform agreement upon the laws which should govern the pecuniary liability of shipowners has already been made and it is expected that at the coming conference definite conclusions will be reached which will be communicated to maritime governments for the consideration of their congresses and parliaments next year. The conference will also consider the subject of uniform laws on maritime liens and mortgages.

Secretary of State Bryan and Secretary of Commerce Redfield have agreed in the selection of Hon. Henry G. Ward, of New York City, United States Circuit Judge, Second Circuit; Hon. A. J. Montague, of Richmond, Va.; Mr. George Denegre, of New Orleans, La.; and Mr. Edwin W. Smith, of Pittsburgh, Pa., as delegates in behalf of the United States. Mr. Gaston de Leval, technical adviser of the American Legation at Brussels, will be assigned to aid the delegation. Governor Montague and Mr. Smith acted as American delegates at the conference of 1910.

Inter-Coastal Waterways

The Sixth Annual Convention of the Atlantic Deeper Waterways Association will be held in the city of Jacksonville, Florida, November 18, 19, 20 and 21, 1913.

Business firms are entitled to send two delegates; commercial and trade organizations may appoint as many delegates as they please, their voting power, however, being measured as one vote for each \$5.00 paid as annual dues. States and cities are also requested to appoint commissioners.

The city of Jacksonville offers a remarkable example of civic courage and progress. During the past year a special session of the Florida Legislature, called by request and at the expense of Jacksonville, authorized a bond issue of \$1,000,000 for a public dock system in that city, which was submitted to popular vote and carried almost unanimously. The last Rivers and Harbors Bill provided for the improvement of one of the links immediately north of Jacksonville. The Government has recently taken over and opened to free traffic the important link connecting Norfolk and Beaufort, and influence is being forcibly directed toward the next important link, to connect the Chesapeake and Delaware Bays. It may be safely stated that from Maine to Florida there is practical interest aroused in the development of Inter-Coastal waterways.

Conservation Congress

The next annual meeting of the National Conservation Congress will be held in Washington, November 18, 19 and 20. The National Conservation Association will hold its meeting at the same time, and in conjunction with the National Conservation Congress. At the request of the National Board of Fire Underwriters, considerable time will be devoted to the discussion of fire laws in American cities, this being a phase of actual conservation which is regarded as practical in its bearings and comparatively easy of execution.